UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/1997/66
12 June 1997

ORIGINAL: ENGLISH

Substantive session of 1997
Geneva, 30 June-25 July 1997
Item 4 (a) of the provisional agenda*

COORDINATION OF THE POLICIES AND ACTIVITIES OF THE SPECIALIZED AGENCIES AND OTHER BODIES OF THE UNITED NATIONS SYSTEM

Mainstreaming the gender perspective into all policies and programmes in the United Nations system

Report of the Secretary-General

SUMMARY

The present report responds to Economic and Social Council decision 1996/310, in which the Council decided to devote the coordination segment of its substantive session of 1997 to consideration of the cross-sectoral theme "Mainstreaming the gender perspective into all policies and programmes in the United Nations system". The report addresses issues of mainstreaming by intergovernmental bodies and the United Nations system and proposes recommendations for consideration by the Council.

* E/1997/100.

97-13365 (E) 300697

/...

CONTENTS

	Paragraphs	Page
INTRODUCTION	1 - 4	3
I. MAINSTREAMING A GENDER PERSPECTIVE AT THE INTERGOVERNMENTAL LEVEL	5 - 30	4
A. The General Assembly and its subsidiary bodies	6 - 11	4
B. The Economic and Social Council and its functional commissions	12 - 28	6
C. Regional commissions	29 - 30	10
II. MAINSTREAMING A GENDER PERSPECTIVE IN THE WORK OF THE UNITED NATIONS SYSTEM	31 - 89	11
A. Institutional requirements	32 - 71	11
B. Experience and lessons learned in gender mainstreaming	72 - 79	23
C. Integrated follow-up to global United Nations conferences	80 - 84	25
D. Accountability for mainstreaming through the use of performance indicators, evaluation of progress in mainstreaming and impact analysis	85 - 89	26

INTRODUCTION

1. The present report has been prepared in response to Economic and Social Council decision 1996/310, in which the Council decided that the coordination segment of its substantive session of 1997 should be devoted to consideration of the cross-sectoral theme "Mainstreaming the gender perspective into all policies and programmes in the United Nations system". The General Assembly, in its resolution 51/69, welcomed the decision of the Council, and requested the Secretary-General to present action-oriented recommendations to the Council on means to enhance system-wide coordination on gender issues and to mainstream a gender perspective throughout the United Nations system.

2. The Commission on the Status of Women, at its forty-first session, adopted a resolution on mainstreaming a gender perspective into all policies and programmes in the United Nations system.[1] The Commission, inter alia, encouraged the Council, at its coordination segment in 1997, to develop specific recommendations for mainstreaming a gender perspective into all United Nations system activities and urged the Council to specifically integrate a gender perspective into its deliberations on economic and social issues, including the high-level segment.

3. The present report provides an overview and makes recommendations relating to mainstreaming a gender perspective in a coordinated manner at the intergovernmental level. It points to the need to bring a gender perspective not only into socio-economic areas and activities falling within the responsibility of the Council and its subsidiary bodies, but also into areas where gender issues have not or have only infrequently been considered. The report also briefly describes efforts at mainstreaming by the Secretariat and the funds, programmes and specialized agencies of the United Nations system. Steps to ensure that the impact of gender as a key variable is integral to research, planning, policy-making and institutional development are proposed, building on initial proposals before the General Assembly at its fifty-first session[2] and taking into account the report of the Joint Inspection Unit entitled "The advancement of women through and in the programmes of the United Nations system: what happens after the Fourth World Conference on Women?" (see A/50/509)[3] and the note by the Secretary-General entitled "Technical assistance and women: from mainstreaming towards institutional accountability" (E/CN.6/1995/6), which was considered by the Commission on the Status of Women at its thirty-ninth session, in 1995.

4. Many departments, funds, programmes, specialized agencies and other bodies of the United Nations system contributed to the preparation of the present report. Extensive discussions were held in the Inter-Agency Committee on Women and Gender Equality, drawing upon papers prepared by the Gender in Development (GID) Subgroup of the Joint Consultative Group on Policy (JCGP).

I. MAINSTREAMING A GENDER PERSPECTIVE AT THE INTERGOVERNMENTAL LEVEL

5. Discussion of women's concerns in United Nations intergovernmental bodies has traditionally been largely confined to the Commission on the Status of Women, the Economic and Social Council under the item "Advancement of women", and the Third and periodically the Second Committees of the General Assembly. Since the Fourth World Conference on Women, other intergovernmental bodies have also sought to implement relevant aspects of the Platform for Action and to mainstream gender in their areas of responsibility.[4] The present report refers to some of these efforts and to approaches to improving coordination.

A. The General Assembly and its subsidiary bodies

6. In addition to the discussions on women and gender issues held by the Third Committee of the General Assembly, the Second Committee of the Assembly considers gender biennially when discussing economic issues (see Assembly resolution 50/104). The report of the Secretary-General prepared in response to the Assembly's request in its resolution 50/104 will apply a gender methodology to mainstreaming a gender perspective. The Second Committee has taken a gender-sensitive approach in its examination of several other topics, for example its mid-decade review of progress in implementing the goals of the World Summit for Children (see Assembly resolution 51/186).

7. The importance of addressing gender issues in formulating economic and overall development policies grew out of extensive work which was being undertaken with regard to women in development, and the recognition of the limitations of a gender neutral approach for achieving socio-economic progress. Notably, much of the practical experience with regard to gender mainstreaming in the United Nations system has been gleaned from operational activities, yet the insights gained are not generally incorporated into the Second Committee's review of operational activities for development. The most recent resolution on the triennial policy review of operational activities for development of the United Nations system (General Assembly resolution 50/120) confined its reference to gender to the appointment of women to senior level posts (para. 43).

8. The Assembly has sometimes recognized gender as a factor to be taken into account in humanitarian affairs. At its fifty-first session, the Assembly, on the recommendation of the Third Committee, denounced cases of violations of the human rights of women, encouraged the Office of the United Nations High Commissioner for Refugees to strengthen its efforts for the protection of women having a well-founded fear of persecution and called upon States to ensure that women in such situations were recognized as refugees and to adopt a gender-sensitive approach (General Assembly resolution 51/75). However, systematic consideration of gender factors in the framework of humanitarian assistance has yet to occur.

9. In its examination of the United Nations medium-term plan for the period 1998-2001, the Committee for Programme and Coordination agreed to ensure that the mainstreaming of a gender perspective was reflected in the individual

programmes of the medium-term plan, and emphasized the responsibility of programme managers for progress in gender mainstreaming (A/51/16 (Part I), para. 167). The Committee also stressed the necessity of mainstreaming a gender perspective in the planning and programming of all United Nations agencies (A/51/16 (Part I), para. 169).

10. In the report of the Secretary-General on the implementation of the outcome of the Fourth World Conference on Women (A/51/322), it was noted that the Draft Code of Crimes against the Peace and Security of Mankind, prepared by the International Law Commission, addressed situations of particular concern to women in its definition of crimes, but attention to gender in the International Law Commission and other main committees and subsidiary bodies of the General Assembly remains limited and, at best, is confined to women-specific concerns. Gender as a factor has not been considered, for example, in the political and security field or in the work of the First Committee of the Assembly or its Special Committee on Peacekeeping Operations.

Recommendations

11. Recommendations relating to the General Assembly and its subsidiary bodies are as follows:

- The Council may wish to encourage the General Assembly to direct all its main committees and subsidiary bodies to take gender factors into consideration in their work. In particular, a gender perspective should be applied in the Second Committee's triennial policy review of operational activities for development of the United Nations system, and in the Committee's consideration of macroeconomic questions. The Assembly may also be encouraged to assess gender factors systematically in its consideration of humanitarian assistance, both generally and in particular situations.

- The Committee for Programme and Coordination should ensure, during its forthcoming review of the programme budget for the biennium 1998-1999, that all programmes visibly mainstream a gender perspective, including through the identification of activities that are designed to incorporate a gender analysis.

- The Secretariat should be encouraged, when preparing reports relating to economic, humanitarian, peacekeeping and other areas, to enhance its efforts to define issues and approaches in a gender-sensitive manner, drawing on the expertise that exists within and outside the United Nations system, so as to provide the General Assembly and its subsidiary bodies with an analytical basis for gender-responsive policy formulation.

- The Council should encourage the Commission on the Status of Women to play a catalytic role and draw the attention of bodies dealing with legal matters and political and security issues, such as those in the area of peacekeeping, to the impact of gender factors on peace, conflict-resolution and related areas. The consideration by the Commission in 1998 of the critical areas of concern "Women in armed conflict", "Violence against women", "Human rights of women" and "The girl child" could provide specific guidance in that regard.

B. The Economic and Social Council and its functional commissions

12. Reports of the Secretary-General to the Economic and Social Council and the General Assembly in 1996 and to the Commission on the Status of Women in 1997 indicated that a number of the Council's functional commissions had taken steps to follow up the Fourth World Conference on Women. The results of the most recent sessions of the functional commissions with regard to gender are summarized in the report of the Secretary-General on ways and means to enhance the capacity of the Organization and the United Nations system to support the ongoing follow-up to the Fourth World Conference on Women (E/1997/64).

13. The role of the Commission on the Status of Women in the three-tiered intergovernmental mechanism with regard to women's and gender issues and mainstreaming a gender perspective in following up the Fourth World Conference on Women, as well as its central role in monitoring the implementation of the Platform for Action and in advising the Economic and Social Council thereon, were spelled out in General Assembly resolution 50/203. The Council, in resolution 1996/6, established the framework for the functioning of the Commission, including its terms of reference, work programme and working methods, and decided that the Commission should have a catalytic role in mainstreaming a gender perspective in policies and programmes.

14. In resolution 50/203, the General Assembly specifically invited all the functional commissions of the Economic and Social Council to take due account of gender aspects in their respective work. In its agreed conclusions 1996/1 on poverty eradication (A/51/3 (Part I), chap. III, para. 2), the Council provided further incentive for mainstreaming gender in the consideration of core issues within the mandates of the commissions when it invited its functional commissions as a follow-up to the Fourth World Conference on Women to consider reviewing the gender implications of policies falling within their competence.

15. A harmonized approach to the follow-up to the Beijing Conference and related agreements reached at other conferences would allow the commissions to reinforce and complement each other's work. They could approach issues of common interest from different perspectives and avoid duplicating recommendations. Examination of an issue and its policy implications from a gender perspective within one area should help to inform the work of other commissions. For example, the Commission on Sustainable Development had available the agreed conclusions of the Commission on the Status of Women on women and the environment to draw on in its preparations for the five-year review of Agenda 21. Similarly, the Commission on the Status of Women and the

Commission for Social Development could harmonize efforts on older women in connection with the International Year of Older Persons.

16. The extent to which gender has been taken up in the work of the commissions may be inferred from references to gender in the outcome of their work (resolutions, agreed conclusions), as well as from the reports considered by them and the ensuing discussion. There has been an increase in "women-specific" resolutions calling for steps to address the specific situation of women in certain areas. Most commissions have also recognized that where the situation of women differs from that of men, women could experience the effects of policies and programmes differently and that, consequently, gender needs to be factored into the analysis of issues and situations and into the design of policies. This has led to the adoption of "mainstreaming resolutions". Several commissions have called for mainstreaming a gender perspective in cross-cutting areas of recent international conferences, but only a few have made technical and focused proposals regarding the type of policy changes needed in their respective core areas to ensure positive outcomes for women.

17. To facilitate mainstreaming, the Secretary-General, in preparing reports for the functional commissions and the regional commissions, will consistently apply a gender perspective in the analysis of issues and in the preparation of policy options, in accordance with the steps described in the report on the implementation of the outcome of the Fourth World Conference on Women (A/51/322), and with the measures proposed in the Council's agreed conclusions 1996/1 on poverty eradication.

18. Specific issues of concern to women are sometimes addressed by more than one commission, as well as by the Third Committee of the General Assembly. Examples include the issue of violence against women (Commission on the Status of Women, Commission on Crime Prevention and Criminal Justice, Commission on Human Rights); the situation of the girl child (Commission on the Status of Women, Commission on Human Rights, Commission on Crime Prevention and Criminal Justice); traffic in women and girls (Commission on Human Rights, Commission on the Status of Women, Commission on Crime Prevention and Criminal Justice); and violence against women migrant workers (Commission on the Status of Women, Commission on Human Rights). There has been some dialogue between the commissions dealing with these issues, but there is sometimes duplication of measures recommended.

19. A number of commissions have called for mainstreaming a gender perspective in poverty eradication strategies (Commission for Social Development, Commission on Sustainable Development); in policies and programmes related to employment (Commission for Social Development); and in sustainable development policies (Commission on Sustainable Development). The Commission on Human Rights has called for mainstreaming a gender perspective in the work of the United Nations in the area of human rights. The Commission on Human Settlements has called for measures to develop gender-sensitive shelter strategies.

20. At its twenty-eighth session, in 1995, the Commission on Population and Development decided that gender issues should be emphasized in its review of international migration in 1997 and health and mortality in 1998. At its thirtieth session, in 1997, the Commission had before it the report of the

Secretary-General on world population monitoring, which contained a thorough analysis of gender aspects of international migration and development. The Commission was also informed of the findings of a Population Division study on sex differentials in childhood mortality, and the biological, social and economic mechanisms that lead to excess female mortality in childhood. The Commission's recommendation to the Economic and Social Council on international migration and development[5] and its resolution on international migration[6] both referred to the Beijing Platform for Action.[7]

21. Some Commissions were focusing on gender even prior to the Fourth World Conference on Women. In 1995, for example, the Commission on Science and Technology for Development created an advisory board on gender issues to facilitate its future deliberations and follow-up activities.

22. In addition, the Statistical Commission has consistently encouraged the development of statistics and indicators on women, giving special attention to the informal sector and women's contribution to development. The Commission has also encouraged work on economic accounts on women's contribution to production to supplement the System of National Accounts,[8] and recommended the preparation of a draft classification for time-use activities.

23. The Commission on Human Rights has dealt with a number of aspects concerning the human rights of women covered by the Vienna Declaration and Programme of Action, and the Beijing Declaration and Platform for Action (see E/CN.4/1997/40).

24. Broadly, commissions have stressed that gender-sensitive analysis should be an integral part of the development and monitoring of policies and programmes. They have called for enhancing the participation of women in the design of policies and programmes within their mandate, and for empowering women, in particular through access to productive resources, including education and training. The Chairperson of the Commission on the Status of Women has informed the chairpersons of other functional commissions, including the Commission on Sustainable Development and the Commission on Human Rights, of actions taken by the Commission on the Status of Women with a view to facilitating mainstreaming and coordination.

25. It remains for these bodies to move beyond the adoption of resolutions calling for gender mainstreaming and "women-specific" resolutions to the systematic reflection of gender in the analysis of all areas.

26. In resolution 1996/36, the Economic and Social Council decided that it would continue to ensure the harmonization and coordination of the multi-year work programmes of relevant functional commissions by promoting a clear division of labour among them and providing clear policy guidance to them (for a tabular breakdown of the multi-year work programmes see document E/1997/73 concerning integrated follow-up to conferences).

27. A coordinated work programme of the functional commissions should be differentiated from mainstreaming a gender perspective in the work of all functional commissions. Coordinated work programmes are intended to avoid duplication and overlap and to ensure that commissions utilize their comparative

advantage with regard to the substance of an issue. Mainstreaming constitutes a conceptual approach to an issue and requires that a gender perspective be applied by each commission to all issues in its coordinated work programme. The Economic and Social Council agreed conclusions 1996/1 on poverty eradication provide suggestions on mainstreaming gender in relation to that cross-cutting theme. A report on the implementation of the agreed conclusions, including the steps taken by the Commission on the Status of Women, is before the Council (E/1997/58).

Recommendations

28. Recommendations relating to the Economic and Social Council and its functional commissions are as follows:

- All the functional commissions should adopt an explicit decision on mainstreaming a gender perspective in their work and, where appropriate, indicate the resources their secretariats might require and the modalities to carry out such work. Based on the annual report of the Secretary-General on follow-up to the Fourth World Conference on Women and on mainstreaming a gender perspective, the Council should monitor annually how its functional commissions and the regional commissions apply gender analysis to issues under consideration, including the integrated follow-up to the Fourth World Conference on Women and other global United Nations conferences.

- The Commission on the Status of Women may wish to use its standing agenda item on emerging issues and trends to provide input or suggestions to other functional commissions or to the Council in areas where they might require support and guidance on how to introduce a gender perspective into their work. Interaction between the chairpersons of the other functional commissions and the chairperson of the Commission on the Status of Women to ensure that a gender perspective is reflected in all sectoral areas should be encouraged.

- In examining how its recommendations regarding gender mainstreaming in poverty eradication are being implemented by the United Nations system and by intergovernmental machinery, the Council may wish to establish a model for the future monitoring of mainstreaming efforts.

- The Council may advise functional commissions to make the maximum use of the work of the Commission on the Status of Women when monitoring the implementation of gender-related recommendations of conferences falling within their own mandate and in accordance with their multi-year work programmes. In particular, the Commission's resolutions and agreed conclusions on the critical areas of concern should be used by other functional commissions when dealing with related matters.

- The Commission on the Status of Women should make the maximum use of the work of other functional commissions. For example, in 1998, when the human rights themes in the Platform for Action are examined, the work of the Commission on Human Rights should be taken into account as a contribution to the work of the Commission on the Status of Women. In 1999, the Commission on the Status of Women should draw upon the work of the Commission on Population and Development when examining the critical area of concern "Women and health".

- The work of the Commission on the Status of Women and the Commission on Human Rights in the area of women's human rights should be taken into account by other commissions when dealing with rights- or gender-related matters.

- The Council should ensure that in the review and appraisal processes planned for global conferences (human rights in 1998, population and development in 1999, social development and women in 2000 and shelter in 2001), effective use is made of gender analysis to identify differential impacts of policies and programmes on women and men and to indicate future action to achieve greater equality for women.

C. Regional commissions

29. Gender sensitivity is apparent in aspects of the work of governing bodies of regional commissions and in particular in the agreed conclusions on poverty eradication approved by the Economic and Social Commission for Asia and the Pacific (ESCAP) in 1996. The resolution adopted by the Economic Commission for Africa on strengthening women's contribution to the second United Nations Industrial Development Decade for Africa represents a significant effort in mainstreaming gender. The Economic Commission for Europe (ECE), at its fifty-second session, in 1997, adopted a plan of action and in-depth reform of its programme and methods of work, and identified the mainstreaming of a gender perspective as a cross-sectoral concern which should permeate all its areas of work. With respect to the Economic Commission for Latin America and the Caribbean (ECLAC), the main instrument for mainstreaming is the regional programme of action, which was endorsed by the Commission at its twenty-sixth session, in 1996, as a complement to the medium-term plan for the period 1996-2001. The Economic and Social Commission for Western Asia (ESCWA) at its nineteenth session (May 1997), adopted a Regional Integrated Programme of Action for follow-up to global conferences, with gender mainstreaming occupying a central role.

Recommendations

30. The recommendation relating to the regional commissions is as follows:

- Gender should be taken into account more systematically by the governing bodies of regional commissions and their subsidiary bodies. The regional commissions should act as catalysts for exchanging experiences and best practices among United Nations and non-United Nations organizations active in gender mainstreaming at the regional level. In this regard, the Council may wish to review the capacity of the regional commissions to strengthen gender mainstreaming in their activities and to promote regional cooperation in this respect.

II. MAINSTREAMING A GENDER PERSPECTIVE IN THE WORK OF THE UNITED NATIONS SYSTEM

31. The present section examines elements that should be consistently in place within the organizations and entities of the United Nations system to ensure that gender considerations become an integral part of all work processes of staff and management. Subsection A examines institutional requirements to ensure that responsibility for mainstreaming moves beyond gender specialists to institutions; subsection B reviews lessons learned in gender mainstreaming; subsection C discusses the need for gender mainstreaming in the integrated follow-up to all United Nations conferences; and subsection D puts forward suggestions to strengthen accountability for mainstreaming.

A. Institutional requirements

1. Mainstreaming a gender perspective in all policies and programmes and in planning and budgeting

(a) Policies and programmes

32. The Secretary-General has made a commitment to mainstreaming a gender perspective in all policies and programmes of the United Nations system. The accountability of senior managers in this regard will be pursued vigorously and the four executive committees set up to facilitate concerted and coordinated management of the work of the Organization have been instructed to incorporate a gender perspective.[9]

33. The Special Adviser on Gender Issues and Advancement of Women assists the Secretary-General to ensure the system-wide coordination of policy for implementing the Platform for Action and for mainstreaming a gender perspective in all activities of the United Nations system. The Special Adviser chairs the Inter-Agency Committee on Women and Gender Equality of the Administrative Committee on Coordination. She is a member of the Policy Coordination Group chaired by the Secretary-General and a member of the four executive committees. Based on a process of two-way communication and cooperation, the Special Adviser supports and advises the Secretary-General and senior managers in the United Nations system on gender issues within their respective areas of responsibility and promotes the achievement of a gender balance in the secretariats of the system.

34. The commitment of senior management, requiring clarity in regard to the concept of mainstreaming and the capacity to translate it into practice, is an essential ingredient for institutionalizing mainstreaming in policies and programmes, and for ensuring that gender issues are reflected at every stage of the programme process. Mainstreaming, however, continues to be perceived by many as a "special interest issue", identified largely with the recruitment of female staff, rather than as an integrated approach to achieving policy or development goals. In some parts of the United Nations system, lack of clear intergovernmental mandates for gender mainstreaming constrains the secretariat from addressing gender concerns in policies and programme planning.

35. The Inter-Agency Committee on Women and Gender Equality is mandated to prepare for consideration and adoption by the Administrative Committee on Coordination, a mission statement for the United Nations system, reflecting a coordinated position on the advancement and empowerment of women and on gender mainstreaming. The mandates and mission statements of a number of United Nations entities, such as the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the World Food Programme (WFP) and the United Nations Children's Fund (UNICEF), have already stated their commitment to achieving gender equality, the empowerment of women and the promotion of equal rights of women and girls and their full participation in all aspects of development.

36. Further steps are required, however, to translate these policy statements from discretionary guidelines into practical tools and performance indicators for use by staff. Mainstreaming practice requires more than designing and implementing "add-on" projects for women. Currently, United Nations development entities that actively address gender issues in their work, in general take a two-pronged approach: (a) mainstreaming gender considerations in priorities, policies and programmes and (b) targeting women as participants and/or beneficiaries through women- and girl-specific programmes. The Secretary-General will encourage members of the Administrative Committee on Coordination to issue administrative instructions or take related actions to ensure the consistent implementation of gender-sensitive policies in all departments and organizations of the United Nations system and by all levels of staff in all areas.

37. To date, gender issues have been more effectively addressed at the project level than in policy and programme formulation. The major focus has been the adjustment of project designs to incorporate gender concerns, or to mitigate negative effects after the critical decisions have been made about priorities, resource allocation and types of interventions. Gender analysis should be applied at all levels, including planning, programming, budgeting, monitoring and evaluation.

38. The perception persists that certain technical areas or projects and abstract processes of policy and programme development are gender-neutral and therefore do not lend themselves to gender mainstreaming. Projects or processes that are "people-oriented" or emphasize a participatory approach and the human dimension are, on the other hand, more likely to be perceived as suitable for a gender approach.

39. Mainstreaming and targeting are not mutually exclusive, but complementary strategies, both having the achievement of gender-sensitive outcomes as their objective. Increasingly, women-specific projects are linked to mainstreaming efforts.

(b) Planning and budgeting

40. Some of the entities of the United Nations system have made progress in visibly mainstreaming a gender perspective into their medium-term plans, programme planning or programme budgets, including, for example, UNICEF, the Office of the United Nations High Commissioner for Refugees (UNHCR), UNFPA and WFP. The International Labour Organization (ILO) has identified the promotion of gender equality as one of three priority areas for technical cooperation in its programme and budget for the biennium 1998-1999. The United Nations Industrial Development Organization (UNIDO) includes the concept of gender mainstreaming in its medium-term plan framework (1998-2001) as a cross-sectoral aspect of its work, and the medium-term strategy (1996-2001) of the United Nations Educational, Scientific and Cultural Organization (UNESCO) includes gender mainstreaming as a transdisciplinary endeavour. The Food and Agriculture Organization of the United Nations (FAO) has mainstreamed the consideration of women's issues in the substantive work of the organization as a whole. The principal guiding framework for the development of the tenth general programme of work (2002-2007) of the World Health Organization (WHO) is the renewed health-for-all strategy, which places special emphasis on a gender perspective in health policy development. The Strategy 2000 (1997-2000) of the United Nations Volunteers refers to gender as a key area of concern.

41. A number of entities target women through the addition of women-specific projects to existing programmes. For example, the Division on Investment, Technology and Enterprise Development of the United Nations Conference on Trade and Development (UNCTAD) emphasizes the promotion of women's participation and their entrepreneurship development. ILO is launching a programme on more and better jobs for women to improve the quantity and quality of employment for women.

42. The institutionalization of gender policies and of mainstreaming throughout work programmes and sectoral areas is a pending task in many departments and entities of the United Nations system. ECLAC has developed a project with extrabudgetary funding which aims at integrating gender analysis and planning in its programmes and institutional processes. A series of workshops will demonstrate the relevance of gender in development projects and public policies in general and introduce methods for moving from "women components" in some policies and projects to a mainstreaming approach.

43. In the United Nations system resources are earmarked for women-specific activities, both in normative/policy areas and in operational areas. Operational resources are largely provided for catalytic areas of support, and are modest compared with those for core programme areas. Information about projects that respond to women, in both separate and integrated ways, and about funding directed towards women remains poor,[10] and there is no consistent United Nations system-wide standard for reporting outcomes.

44. At its second session, the Inter-Agency Committee on Women and Gender Equality considered that resources for mainstreaming were essential at all levels, including at the regional/national level. It concluded that the quantification of resources benefiting women and men, respectively, as a result of mainstreaming was essential. Current budget codes in the United Nations system do not allow for an assessment of allocations disaggregated by sex or by beneficiary. The disaggregation of resources is essential to assessing and monitoring whether women benefit from such resources in a way that accelerates the achievement of the goal of gender equality. It is also essential to monitor whether disadvantages women face in specific areas are being remedied. The Committee has decided to elaborate guidelines for budgeting processes and coding of budgets.

Recommendations

45. Recommendations on mainstreaming a gender perspective in all policies and programmes and in planning and budgeting are as follows:

- All entities of the United Nations system, including departments of the United Nations Secretariat and other entities that have not yet done so, should develop gender mainstreaming policies for their areas of responsibility, based on the system-wide mission statement of the Administrative Committee on Coordination, and report thereon to the Economic and Social Council. Such policies should be developed with the support of gender units/focal points, the Division for the Advancement of Women of the United Nations Secretariat and the Inter-Agency Committee on Women and Gender Equality.

- All entities/secretariats of the United Nations system should review the implications of a gender-sensitive approach for their sector, based on the Beijing Platform for Action, the results of other recent United Nations conferences and summits and their own intergovernmental mandates, and adjust their policies and activities, including developing and implementing targeted, women-specific activities to achieve gender equality, as provided for in the Platform for Action.

- The importance of a gender perspective should be reflected in the vision for the United Nations for the future and the need for gender units/focal points should be supported as part of the institutional structure of the organization to ensure that gender is given adequate consideration as a cross-sectoral concern in all programme priorities.

- United Nations funds, programmes and specialized agencies should ensure that gender concerns are addressed when setting priorities, allocating resources and identifying types of interventions, not merely as an adjustment to project design after the critical decisions have been taken. They should further develop techniques for analysing target populations in their socio-economic contexts, and promote consultations and a participatory approach to policy and project design. Gender analysis should be included in programming for participatory development and good governance, human rights and conflict-resolution.

- The entities of the United Nations system should institutionalize gender concerns at all levels through steps including:

- The adoption of mainstreaming policies and the formulation of specific mainstreaming strategies for sectoral areas;

- The improvement of tools and mechanisms for mainstreaming, such as the use of data disaggregated by sex and age and of sector-specific gender surveys, studies and guidelines, and checklists for programming;

- The establishment of instruments and mechanisms for monitoring and evaluation, such as gender impact analysis methodologies;

- The creation of accountability mechanisms, including incentive and reward systems.

- In preparation for the comprehensive review of the system-wide medium-term plan for the advancement of women, 1996-2001, the extent to which a gender perspective is being applied through institutional directives for planning and programming, rather than as discretionary guidelines, should be assessed.

- The Council may wish to invite all intergovernmental bodies in the United Nations system with responsibility for overseeing planning and programming to monitor how intergovernmental mandates on mainstreaming are reflected in medium-term plans and in programme budgets, and how follow-up to the Platform for Action is reflected in sectoral programmes and budgets. In particular, the Economic and Social Council should encourage the governing bodies of, for example, UNDP, UNFPA, UNCTAD and WFP, to assess how the mainstreaming mandate is being translated into country programmes and projects. Governing bodies should be encouraged to review the outcomes of women-specific projects and of a mainstreaming approach in programming. The Council should invite the governing bodies of the specialized agencies to do likewise.

- All entities of the United Nations system should institute mechanisms to facilitate gender mainstreaming in planning and programming - for example, through intra-departmental coordination or the participation of gender specialists in the planning and programming mechanisms of the organization or department concerned. Senior decision makers should seek the advice of gender specialists on how to mainstream gender into planning and programming.

2. Coordination by the Division for the Advancement of Women of the United Nations Secretariat, the International Research and Training Institute for the Advancement of Women and the United Nations Development Fund for Women in mainstreaming a gender perspective

46. In the follow-up to the Fourth World Conference on Women, the mainstreaming mandate expands the role of the core women-specific entities of the United

Nations system referred to in the Platform for Action, namely, the Division for the Advancement of Women of the United Nations Secretariat, the International Research and Training Institute for the Advancement of Women (INSTRAW) and the United Nations Development Fund for Women (UNIFEM) and other gender units/focal points, to include provision of advice and guidance on how to apply the gender variable. The core entities have sought to share information and develop joint activities, including activities relating to gender mainstreaming. The functions of these entities are referred to in the Platform for Action and subsequent intergovernmental mandates, including their role in mainstreaming a gender perspective in various spheres, such as research, policy formulation, data collection and analysis, information and communication, and operational activities.

Recommendations

47. Recommendations with regard to coordination by the Division for the Advancement of Women, INSTRAW and UNIFEM in mainstreaming a gender perspective are as follows:

- In order to strengthen the programmatic complementarities of the Division for the Advancement of Women, INSTRAW and UNIFEM, the Council might request that the annual reports of both INSTRAW and UNIFEM be submitted to the Commission on the Status of Women so that the Commission may advise the Council on how best to harmonize the implementation of their mandates and avoid overlap.

- The Council may encourage the continued development of joint activities and of work plans in such areas as women's human rights, women and decision-making and, taking into account General Assembly resolution 50/166, violence against women.

3. The role of gender units/focal points in mainstreaming

48. The role of gender units/focal points in mainstreaming is increasingly that of catalysts, advocates and agents of change. Gender specialists emphasize that all activity, whether a technical or sectoral project or a policy in any given field, needs to be analysed, designed and monitored in reference to target populations.

49. Gender experts often serve as the main, if not the only, centre of responsibility for implementing the mainstreaming mandate within a department or sector. This suggests lack of awareness of gender issues and the continuation of a "women-specific" rather than a gender approach to programming and implementation. Clear administrative guidelines or accountability mechanisms would strengthen the responsibility of programme managers and senior officials for mainstreaming, and increase opportunities for gender specialists to engage staff responsible for a particular area or sector in a policy dialogue on gender mainstreaming.

50. Virtually all United Nations entities, including departments of the United Nations Secretariat, have gender units/focal points. The location of such gender experts in the larger organizational structure varies, from being linked to the senior management structure to being located in sectoral areas. The location, seniority, resources and senior management support given to gender experts determines their effectiveness in acting as catalysts for mainstreaming, and the degree to which mainstreaming is reflected in the policy framework of an entity, and in its area and sector programming and implementation.

51. In addition to having gender units/focal points at their headquarters location, United Nations entities with country offices or field operations usually have gender focal points at the country level, or sometimes at the regional level, to provide technical support in capacity-building for gender mainstreaming in policy and programming processes and for monitoring mainstreaming in the formulation and implementation of programmes and projects. In instances where responsibility for gender issues forms part of the larger portfolio of a staff member, or where junior level staff are responsible for gender issues, opportunities for developing appropriate policy approaches and programme strategies are often limited. Inter-agency arrangements are often in place at the country level to coordinate the efforts of focal points concerned with follow-up to the Fourth World Conference on Women and gender mainstreaming. These arrangements, however, are not universal, nor is there much feedback to Headquarters. In countries where UNIFEM regional programme advisers operate, they convene inter-agency task forces or committees on women and gender.

52. Many entities, including the United Nations Secretariat, have designated focal points for the status of women and gender balance in staffing. In some instances, these focal points have also been assigned the responsibility for substantive mainstreaming issues. It is questionable whether these two sets of issues should be the responsibility of the same individual, but gender experts and focal points for the status of women often work together in developing coordinated strategies to bring about organizational change.

Recommendations

53. Recommendations on the role of gender units/focal points in mainstreaming are as follows:

- The Council may wish to emphasize the importance of gender units/focal points in supporting gender mainstreaming in all policies and programmes of the United Nations system, and their recognition in an institutional context should be stressed. The location, seniority and resources of gender experts and their direct access to the most senior levels of management and decision-making, and to all policy-making and programming processes, are critical in translating the mainstreaming mandate into practical reality. The terms of reference of gender focal points should be clear, and they should have the active and demonstrable support of senior managers. The role of such gender specialists in all areas, including the political, humanitarian, peace and security areas, should be strengthened.

- The Council may wish to emphasize that the responsibilities of gender specialists should include:

  - Development of gender-sensitive policies and programme strategies for a sector or area;

  - Provision of advice and support to sectoral staff in applying gender considerations in their work;

  - Development of tools and methodologies for mainstreaming;

  - Collection and dissemination of information and of best practices;

  - Monitoring and evaluation of progress in mainstreaming, in both policy and programme terms.

- Coordination and cooperative links between gender specialists and staff working in sectoral areas, both at Headquarters and at the country level, should be established and strengthened. Intra-departmental and interdepartmental working groups, intersectoral collaboration and ongoing information exchange between gender experts and sectoral staff are among the means that could be used for increasing awareness and skills in mainstreaming.

- Gender specialists, particularly at the country level, should continue to place major emphasis on establishing a policy dialogue with sectoral areas, inter alia, with respect to the integrated follow-up to all recent United Nations conferences. Such linkages would facilitate the identification of the complementarity of the critical areas of concern of the Platform for Action with the results of other recent United Nations conferences, and would ensure the integration at the country level of the follow-up to the Beijing Conference with the follow-up to all other recent United Nations conferences. Gender specialists should collaborate with and seek advice from UNIFEM in that process.

- Gender units/focal points should provide guidance on how gender equality concerns can be made a central concern in conference follow-up at the national level, while at the same time assisting in the identification of women-specific components in programming and in projects, as appropriate. Opportunities for collaboration between gender specialists and organizations of civil society should be further developed and utilized. Gender focal points as well as UNIFEM, the Division for the Advancement of Women of the United Nations Secretariat and INSTRAW should strengthen networking with national machinery for the advancement of women and facilitate linkages between such machinery and the institutions and processes engaged in the implementation of the results of other recent United Nations conferences.

- Coordination and communication between gender specialists at the country level, regional gender specialists, gender advisers and gender units at Headquarters should be strengthened, inter alia through expanded use of electronic means of communication. Existing inter-agency arrangements at the country level on gender issues should be strengthened and used to identify areas of commonality and complementarity between implementation of the Fourth World Conference on Women and other conferences, and for gender mainstreaming.

4. Capacity-building for mainstreaming

54. The specialized expertise of gender units/focal points must be supported by the development of gender awareness and basic gender competencies in all staff, and the commitment to applying gender concepts at all stages of work processes. Such competence is critical to providing all intergovernmental bodies with reports that reflect a gender perspective and to facilitating gender-conscious decision-making by intergovernmental machinery in all areas. The provision of necessary training is therefore essential.

55. Awareness of regional and global mandates on gender equality and on mainstreaming a gender perspective, as contained primarily in the Platform for Action, the Convention on the Elimination of All Forms of Discrimination against Women and the regional plans and platforms for action adopted in 1994, prior to the Fourth World Conference on Women, is a prerequisite for staff. All staff should be aware of an organization's policy with regard to gender mainstreaming and be familiar with the use of data and information disaggregated by sex and of checklists or similar tools.

56. The most widely used mechanism for capacity-building is gender training. Training should form part of a broader strategy, including incentive and accountability measures, clear guidelines and responsibilities, and follow-up to training, especially on-the-job application of acquired skills. Gender awareness, training in gender analysis and application of tools, technical support to gender-sensitive programme design, monitoring and evaluation are among the components of a gender mainstreaming strategy.

57. Many entities have a substantial record in providing gender training to their gender experts, staff and national counterparts. They include UNIDO, ESCWA, ESCAP, WFP, UNHCR, INSTRAW and UNIFEM. The Women's Equality and Empowerment Framework of UNICEF promotes women's empowerment as an intrinsic part of the development process. It has two components: (a) training of UNICEF staff and counterparts on gender concepts and the application of the Framework and (b) setting up of global and regional gender networks of experts/resource persons for supporting country programme preparation. The training for gender mainstreaming carried out by UNDP embraces organizational change as a key component of gender mainstreaming. UNFPA is in the process of training all its staff at headquarters, regional and country levels in gender mainstreaming and gender analysis of programmes and subprogrammes. FAO, ILO and UNDP have developed a socio-economic and gender analysis (SEAGA) programme which seeks to locate gender within the broader context of social and economic relations and processes. SEAGA uses a systems theory approach and one of its central

principles is an understanding of the connections between gender and other social variables.

58. Manuals for gender training have been or are being developed by a number of entities. Methodologies for gender training are also being developed by United Nations entities, sometimes collaboratively.

59. A comprehensive assessment of whether gender training is implemented systematically by the United Nations system has not been conducted. Measuring the impact of gender training on programme performance is constrained by lack of appropriate indicators, including those relating to programme responses. There is only limited evaluation of the impact of gender training with regard to programme output and no systematic exchange of training materials or methodologies. Systematic exchange of training manuals and methodologies, and of evaluation and impact assessments, allows other parts of the system to benefit from existing initiatives.

60. National capacity-building in gender analysis, gender planning and gender mainstreaming skills is essential for mainstreaming a gender perspective in development cooperation, and in the integrated follow-up to recent United Nations conferences. While national machinery for the advancement of women, and welfare and social services usually receive priority, other sectoral ministries such as finance, planning, agriculture, health, energy and so forth also require awareness and basic skills so that gender issues are incorporated within the scope of country and region-wide development initiatives. Joint training of United Nations staff with government and non-governmental organization counterparts has been beneficial in programme follow-up, in building networks and in expanding training across sectors.

Recommendations

61. Recommendations on capacity-building for mainstreaming are as follows:

- The United Nations system should ensure that specialized gender expertise is available to all entities and in all areas, and should increase opportunities for gender specialists to improve their skills and receive ongoing training.

- All staff should be required to have basic gender competence and should assume responsibility for mainstreaming in their assignments. An inventory of strategies and efforts currently in place to increase gender awareness and strengthen skills for gender planning, programming, monitoring and evaluation should be prepared. Successful practices should be identified and widely shared throughout the United Nations system, particularly among senior managers and decision makers. The impact of a multi-pronged approach to strengthening gender competence, using gender training and other approaches to motivating staff, should be evaluated and used as a basis for further efforts in human resource development.

- A system-wide evaluation of the impact of gender training, including training related to programme performance, provided to United Nations gender specialists, staff and governmental counterparts should be prepared, and successful practices should be identified.

- A database of all United Nations system activities and materials related to increasing gender competence and capacity for gender mainstreaming should be created and maintained, including of gender training materials and manuals.

- Resources for capacity-building in gender mainstreaming should be identified, particularly from extrabudgetary resources.

5. Information base for mainstreaming

62. Progress in mainstreaming a gender perspective in all policies and programmes requires the availability of and access to information about gender concepts and their relevance for a sector or an issue, as well as data and information to incorporate gender considerations in research and analysis, policy and programme development, decision-making, and monitoring and evaluation.[11]

63. Led by the United Nations Statistics Division, the United Nations system collaborates closely in developing and compiling social indicators on a wide range of subjects, including those related to gender.[12] A minimum national social data set was endorsed by the Statistical Commission to monitor follow-up to United Nations conferences and summits with the help of statistics and indicators. Assistance is provided to countries and regional organizations in the preparation and production of publications concerning gender statistics and indicators.

64. The Inter-Agency Committee on Women and Gender Equality will assess efforts undertaken by the United Nations system and by the Administrative Committee on Coordination in developing statistics and indicators and qualitative data for monitoring follow-up to recent United Nations conferences and summits. It will evaluate these efforts with regard to gender dimensions and gender programming, and prepare recommendations for harmonization and elimination of duplication. The Inter-Agency Committee will also assess efforts to develop qualitative data and indicators.

65. The Division for the Advancement of Women of the United Nations Secretariat, INSTRAW and UNIFEM have launched an Internet site, WomenWatch, to serve as a dedicated gateway to information on global women's issues available in the United Nations system. It also links various databases that are disaggregated by sex.

Recommendations

66. Recommendations on information in support of mainstreaming are as follows:

- The United Nations Statistics Division, in collaboration with the United Nations system, should further develop the Wistat database to cover a wider range of indicators and related statistics on various aspects of social and economic development and to make the outputs of Wistat more accessible to users. Statistics and indicators on unremunerated work, time use and poverty, and on reproductive health and access to health services should be improved. The development of guidelines for the use of statistics to monitor the implementation of the Convention on the Elimination of All Forms of Discrimination against Women should continue.

- The appropriate United Nations bodies and entities should make efforts to develop qualitative indicators to monitor the implementation of the gender-related recommendations of recent United Nations conferences. Attention should also be given to the development of benchmarks in the implementation of international human rights instruments as they pertain to women.

- The use of electronic networks for the exchange of information on women's issues and gender mainstreaming should be expanded as an important component of overall communication strategies and should become a regular component of project development.

- United Nations agencies, funds and programmes should be urged to support WomenWatch, the United Nations Internet gateway on women's issues, and to participate in its development.

6. Gender balance

67. A critical mass of women in decision-making is believed to contribute to changes in organizational culture. Such changes often create a more conducive environment for mainstreaming, but the number of female staff and managers per se is not an indicator of the degree to which a gender perspective is being mainstreamed into policies and programmes.

68. Although the achievement of gender balance has been a concern of the General Assembly and other intergovernmental bodies for some time, no intergovernmental body at present receives comprehensive statistical information regarding the number and percentage of women at all levels in the organizations and entities of the United Nations system.

69. United Nations agencies have made efforts to demonstrate their commitment to promoting the advancement of women through their own staffing policies. Initiatives include the United Nations strategic plan of action for the improvement of the status of women in the Secretariat (1995-2000), approved by the General Assembly in 1994 (see resolution 49/167), and an administrative instruction on special measures for the achievement of gender equality (ST/AI/412). Projections under the strategic plan are being recalculated and the special measures are being streamlined and updated.

70. Policies on harassment, including sexual harassment, are being developed, and work, family and life issues are being addressed to encourage women's and men's equal participation in the organizations of the system. Tools and methodologies for promoting attitudinal changes in the workplace, inter alia, through specific measures of accountability and responsibility, are necessary. A comprehensive questionnaire on harassment, including sexual harassment, is being circulated to staff of the United Nations, UNICEF, UNDP and UNFPA in order to have a more informed view of the situation and to amend policies accordingly.

Recommendations

71. Recommendations on gender balance are as follows:

- The Council may recommend that the preparation and presentation to the General Assembly and the Commission on the Status of Women of statistical information regarding the number and percentage of women at all levels system-wide be revived in order to facilitate a comprehensive approach to intergovernmental monitoring of changes and progress.

- The Consultative Committee on Administrative Questions of the Administrative Committee on Coordination and the International Civil Service Commission should monitor progress in implementing staffing policies aimed at achieving gender balance and should identify obstacles in that regard. They should also monitor the development and implementation of measures aimed at creating a gender-sensitive work environment and the impact of those measures on women.

B. Experience and lessons learned in gender mainstreaming

72. Since the Fourth World Conference on Women, several operational entities have undertaken assessments and analysed lessons learned in integrating women's issues into their activities and in gender mainstreaming.

73. UNDP conducted an extensive review of gender mainstreaming in 20 of its programme countries and convened a consultation on gender mainstreaming in February 1997 with the participation of several agencies. It was found that most country offices had not truly evolved gender planning systems and that the bulk of the work was focused on women in development (WID). The implications for future progress were summarized in a guidance note on gender planning for UNDP offices.

74. UNFPA is assessing the extent to which gender considerations are being effectively mainstreamed into all aspects of its reproductive health, population and development work, and into its advocacy policies, strategies and programmes at the global, regional and country levels. Policy guidelines are being revised to ensure appropriate integration of gender issues, and a conceptual framework on gender mainstreaming and quantitative and qualitative indicators has been formulated. Missions are being undertaken in 12 countries to determine the degree to which gender mainstreaming is being effectively implemented in UNFPA-supported country programmes and projects.

75. UNICEF has undertaken periodic desk reviews of its capacity-building programme for mainstreaming gender issues in its country programmes. Currently, it is analysing the experience of 50 countries, taking into account actions taken to develop modules/materials based on special needs and identifying best practices in the translation of training into country-level actions.

76. The social and gender planning capacity of WFP in emergency operations was reviewed during 1995 in 15 countries and specific case studies were developed. Results indicate that the institutional and operational framework will need to be reconsidered to make it more gender sensitive, and this requires the improvement of the operational policy development of WFP, as well as its emergency operations practices. The WFP Memoranda of Understanding with partners on the joint and individual responsibilities of each agency define implementation and monitoring requirements, including participatory modes of planning which take into consideration the specific needs and potentials of refugee and displaced women; the provision of appropriate and adequate food; women and children at risk; and positions held by women in managing food aid.

77. The Inter-Agency Committee on Women and Gender Equality will convene a joint workshop with the Expert Group on WID of the Development Assistance Committee of the Organisation for Economic Cooperation and Development to review experiences in mainstreaming. In preparation for the workshop, efforts will be made to collate best practices and lessons learned.

78. The review of the system-wide medium-term plan for the advancement of women to be carried out in 1998 by the Commission on the Status of Women and the Economic and Social Council will provide an opportunity to assess achievements and obstacles with regard to all activities, including those at the field level, in the implementation of the Platform for Action and of mainstreaming a gender perspective.

Recommendations

79. Recommendations with regard to experience and lessons learned are as follows:

- Experiences in mainstreaming, including successful strategies and best practices, should be further collected and shared. Particular efforts should be made to collect and document mainstreaming experiences in areas where gender issues have traditionally been less visible, such as the areas of peace, security and peacekeeping, macroeconomic policies and political affairs. The Inter-Agency Committee on Women and Gender Equality should develop a standardized format for documenting and assessing mainstreaming experiences.

- Pilot projects should be conducted by different entities with different mandates, including projects in normative areas, policy development and operational activities, to assess the impact of mainstreaming on programme output. "Women-specific" or WID projects should be differentiated from gender mainstreaming.

- United Nations entities providing technical assistance should intensify integrated social and economic analysis, since such an integrated approach is more conducive to introducing a gender perspective into project design and implementation.

- Based on lessons learned, all operational entities and those with field operations should develop and adopt procedures and incentives, including checklists, for strengthening mainstreaming in programme development and project implementation. Inter-agency committees at the country level should be involved in this process so as to ensure that there is no duplication of effort, and that there is consistency in approach. The existing experiences of some entities, including the use of memoranda of understanding on gender equality goals, should be shared widely with a view to developing model agreements.

C. Integrated follow-up to global United Nations conferences

80. The Inter-Agency Committee on Women and Gender Equality has emphasized that the inter-agency task forces on follow-up to major United Nations conferences need to fully integrate a gender perspective in their work, including the case studies conducted by some of them at the country level and activities related to the integrated follow-up to global conferences. The Committee offered its support and identified a number of steps which could facilitate gender factors being taken into consideration by the task forces.

81. Follow-up to the Fourth World Conference on Women and mainstreaming a gender perspective are expected to be an integral part of all conference follow-up activities of the United Nations system, especially at the country level. The involvement of national machinery for the advancement of women, women's groups and non-governmental organizations in those larger development efforts is essential.

82. The report of the Secretary-General prepared in response to Economic and Social Council resolution 1996/36 contains information on the activities of the three inter-agency task forces established to support country-level follow-up to recent United Nations conferences and summits, and on the activities of the Inter-Agency Committee on Women and Gender Equality and the Inter-Agency Committee on Sustainable Development (E/1997/73). The report also contains information on follow-up to the Platform for Action and the mainstreaming of a gender perspective and provides a regional perspective on follow-up.

83. The United Nations regional commissions have also taken steps to facilitate inter-agency cooperation in the follow-up to recent United Nations conferences. ESCAP is developing quantitative and qualitative indicators for overall monitoring of regional implementation of those conferences. ESCWA has established an inter-agency coordination group for integrated conference follow-up. The regional programme of action of ECLAC, as reflected in its programme budget for the biennium 1998-1999 and its medium-term plan for the period 1998-2001, has the potential for integrated follow-up to all United Nations conferences, but its implementation has been hampered by limited allocation of human and financial resources. In ECA, gender is identified as a

cross-cutting issue in the new strategic direction of the Commission. ECE has prepared a synopsis of activities undertaken by organizations involved in regional follow-up in each of the critical areas of concern covered by the Platform for Action.

Recommendations

84. Recommendations on integrated follow-up to United Nations conferences are as follows:

- The role of the resident coordinators in developing a coherent approach to gender mainstreaming in integrated conference follow-up at the country level and in highlighting gender issues with governmental counterparts and the donor community should be strengthened. Gender should be taken into account by all thematic groups, and in the preparation of common programme and programme-resource frameworks at the country level and in the development of common databases in each programme country. UNIFEM regional programme advisers should play a leading role in ensuring that mainstreaming the gender dimension becomes an integral part in these processes. Their work should be closely coordinated with UNDP gender focal points in their role of advising and supporting UNDP resident representatives.

- The UNIFEM regional programme advisers and the UNDP gender focal points in country offices should strengthen their networking with national machinery for the advancement of women and women's non-governmental organizations to facilitate their active participation in overall country programming for sustainable development, particularly in areas other than those specifically addressed to women. The Division for the Advancement of Women and INSTRAW should interact with national machineries as well. These entities should also increase interaction with the regional commissions in coordination of integrated follow-up.

D. Accountability for mainstreaming through the use of performance indicators, evaluation of progress in mainstreaming and impact analysis

85. There is a gap between the endorsement of gender equality policies and their translation into practical reality in programme development, programme output and operational activities. Accountability and responsibility for gender mainstreaming in all areas of policy and programme development and operational activities are imperative for institutionalizing a gender mainstreaming approach. Accountability for gender mainstreaming encompasses both the intergovernmental and the institutional level.

86. Intergovernmental bodies have an ongoing responsibility to monitor action taken in accordance with their mandates. The agenda of the Commission on the Status of Women provides for an annual review of mainstreaming in organizations of the United Nations system. The Economic and Social Council is expected to devote, before the year 2000, one operational activities segment and one high-

level segment to questions related to the advancement of women, and follow-up to the Fourth World Conference on Women. The General Assembly receives an annual report on follow-up to the Fourth World Conference on Women and mainstreaming a gender perspective.

87. Accountability needs to be shifted from gender units/focal points to institutions. The input approach currently in place, characterized by policies, guidelines, training, and designated staff responsible for gender issues, must be supplemented with an outcome approach.

88. The study entitled "Technical assistance and women: from mainstreaming towards institutional accountability" (see E/CN.6/1995/6) and a discussion paper submitted by the Gender in Development (GID) Subgroup of the Joint Consultative Group on Policy to the Inter-Agency Committee on Women and Gender Equality at its second session, presented recommendations to increase accountability for gender mainstreaming by development cooperation agencies. Both the study and the discussion paper emphasized internal agency accountability, and institutional mechanisms and management culture as key entry points for establishing accountability structures. Both stressed the importance of accountability for outcomes and for establishing mainstreaming as an institution-wide responsibility, rather than as a responsibility of gender experts.

Recommendations

89. The following recommendation relates to accountability:

- The Inter-Agency Committee on Women and Gender Equality should prepare a catalogue of accountability measures, including performance indicators, to monitor and evaluate progress in mainstreaming. Such measures should cover the programmatic side, including programme output, the staff performance and capacity side, and the resource side. A number of core indicators should be identified, which should be used in all departments and entities and on the basis of which a baseline on gender mainstreaming should be established. Performance should be monitored on a regular basis and should be reported to intergovernmental bodies, including the Commission on the Status of Women.

Notes

[1] Official Records of the Economic and Social Council, 1997, Supplement No. 7 (E/1997/27), chap. I, sect. C.2, resolution 41/6.

[2] See the report of the Secretary-General on the implementation of the outcome of the Fourth World Conference on Women (A/51/322), paras. 7-15.

[3] For the comments of the Administrative Committee on Coordination on the report of the Joint Inspection Unit, see document A/51/180.

[4] For examples of such action, see the report of the Secretary-General on the implementation of the outcome of the Fourth World Conference on Women (A/51/322).

[5] Official Records of the Economic and Social Council, 1997, Supplement No. 5 (E/1997/25), chap. I, sect. A.

[6] Ibid., chap. I, sect. C.

[7] Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995 (A/CONF.177/20 and Add.1), chap. I, resolution 1, annex II.

[8] Official Records of the Economic and Social Council, 1989, Supplement No. 3 (E/1989/21), para. 139.

[9] See the letter dated 17 March 1997 from the Secretary-General addressed to the President of the General Assembly (A/51/829), sect. A.

[10] See the note by the Secretary-General entitled "Technical assistance and women: from mainstreaming towards institutional accountability" (E/CN.6/1995/6).

[11] See Report of the Fourth World Conference on Women ..., chap. I, resolution 1, annex II, chap. IV, strategic objective H.3.

[12] See, for example, The World's Women, 1970-1990: Trends and Statistics (United Nations publication, Sales No. E.90.XVII.3), The World's Women, 1995: Trends and Statistics (United Nations publication, Sales No. E.95.XVII.2) and Wistat: Women's Indicators and Statistics Database, Version 3, CD-ROM (United Nations publication, Sales No. E.95.XVII.6).

UNITED
NATIONS

E

Economic and Social Council

Distr.
GENERAL

E/1997/67
5 June 1997

ORIGINAL: ENGLISH

Substantive session of 1997
Geneva, 30 June-25 July 1997
Item 2 of the provisional agenda*

FOSTERING AN ENABLING ENVIRONMENT FOR DEVELOPMENT: FINANCIAL FLOWS, INCLUDING CAPITAL FLOWS; INVESTMENT; TRADE

Report of the Secretary-General

CONTENTS

	Paragraphs	Page
INTRODUCTION	1 - 10	2
I. FRAMEWORK OF INTERNATIONAL COOPERATION AND NATIONAL POLICIES	11 - 20	4
II. POLICY ISSUES	21 - 69	7

* E/1997/100.

97-13674 (E) 260697

INTRODUCTION

1. At its resumed substantive session of 1996, the Economic and Social Council decided that the theme of its 1997 high-level segment would be "Fostering an enabling environment for development: financial flows, including capital flows; investment; trade" (decision 1996/310) and requested the Secretary-General to submit a report prepared in collaboration with the Bretton Woods institutions and the World Trade Organization (WTO).[1] The present report, which is submitted to the Council in response to that request, was prepared by the United Nations Secretariat (Department for Economic and Social Information and Policy Analysis and Department for Policy Coordination and Sustainable Development), in collaboration with the United Nations Conference on Trade and Development (UNCTAD) and the World Bank. Inputs to the report were also provided by the International Monetary Fund (IMF) and WTO, as well as by the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the Food and Agriculture Organization of the United Nations (FAO), the International Labour Organization (ILO), the United Nations Industrial Development Organization (UNIDO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

What is an enabling environment?

2. An enabling environment, understood in its broadest sense, encompasses the whole panoply of national and international policies, measures and institutions in the economic, social, legal and political domains that influence or affect the growth and development prospects of a country. Fostering an enabling environment for development implies a concerted effort by Governments at the national and international levels, in collaboration with other actors in development, to ensure that the interplay among those policies, measures and institutions and the sum total of their impact promotes not only sustained economic growth but a development style that is sustainable and broad-based and whose benefits are shared equitably by all members of society.

3. The World Summit for Social Development specified the key components of an enabling environment for social development. Similarly, other United Nations conferences have touched on various facets of an enabling environment. The present report does not attempt to synthesize all these agreed frameworks. It focuses on the issues identified in the selected theme and has been guided by the objectives for the high-level segment of the Economic and Social Council set out in General Assembly resolutions 45/264 and 48/162.

4. The key characteristics of an enabling environment are well understood and generally accepted: stability, predictability, adaptability, growth orientation, transparent legal and regulatory frameworks, and a strong base of social and physical infrastructures. It implies that countries follow sound and growth-oriented policies.

5. However, the effort at the national level to improve the environment for development cannot proceed in isolation from, nor is it immune to, the international policies and institutions and the global trends that frame, favourably or otherwise, the national environment for growth and development.

This is particularly relevant today when the gathering pace of globalization is eroding the ability of Governments to influence economic outcomes and, at the same time, turning the external environment into such a crucial factor that no Government is able to cope with all of its repercussions alone.

6. Developing countries, with their limited capacity to adjust to and absorb external shocks, are particularly vulnerable to rapid changes in the international economic environment. This environment, in turn, is determined primarily by the monetary, fiscal, trade and other policies of major industrialized countries, by market and technological forces and trends and, for developing countries at least, by the policies pursued by multilateral financial institutions and WTO, as well as by the state of development cooperation in general.

Globalization and world economic prospects

7. Globalization and the issues arising from it are particularly relevant to the international debate on fostering an enabling environment for development. The process of globalization is transforming the world economy and changing the nature of international economic relations. As part of this process, the developing world has also changed dramatically. New and dynamic centres of growth, trade and investment have emerged in Asia and parts of Latin America. In other parts of the developing world, growth prospects are also improving, although for Africa and the least developed countries, the risk of further marginalization remains real. The prospects of these countries are clouded by shrinking official development assistance (ODA), low levels of foreign direct investment, the burden of external debt and worsening terms of trade.

8. A majority of developing countries now accepts and pursues the macroeconomic and outward-oriented policies required to foster rapid economic growth. Structural adjustment and economic reforms are being pursued, more or less consistently, in a large number of countries. Entrepreneurship and the private sector are widely recognized as dynamic factors of growth. Similar policies are also being applied in the transition economies. As a result, for the past few years, developing countries as a whole have been growing more rapidly than the developed ones and their share in world trade and capital flows has been rising. The transition economies are also moving along a path of steady and accelerating expansion.

9. One consequence of these positive trends is that the developed and developing worlds are becoming more and more mutually interdependent. Many of the most dynamic markets and investment opportunities today are in some of the developing countries and in countries with economies in transition. Indeed, viewed in a longer term perspective, it appears that the world today is at the threshold of sustained global economic expansion. However, the institutional and policy framework required to fully exploit this global opportunity is not yet fully in place.

10. As the global environment becomes more fluid and the pace of change accelerates, the case for developing new forms of international cooperation to cope with and manage the associated risks and challenges is evident; but in the present global economy, such cooperation cannot be confined to Governments

alone; it must also include a wide range of actors. Conditions are propitious for putting in place the foundations for such international cooperation. The United Nations conference processes showed how this larger collective endeavour can take effect. In the post-cold-war period, economic and social issues can be discussed in a pragmatic way. Furthermore, policy makers in all countries are confronted with the need to deal with the implications of globalization in the light of conditions specific to each country. The policy dilemmas they face are in some respects similar, although their depth and severity differ greatly from country to country.

I. FRAMEWORK OF INTERNATIONAL COOPERATION AND NATIONAL POLICIES

11. Each country has the primary responsibility for its own development. However, international cooperation and partnership have a vital role in creating a favourable climate for capital flows, investment and trade to flourish. Many developing countries, particularly those in Africa and the least developed countries, will continue, for the foreseeable future, to require assistance to carry out these policies and reforms successfully, and developed countries have a major responsibility to create and sustain an enabling environment for their development.

12. The broad elements of an enabling international environment for development are essentially the same as those that are relevant at the national level: creation and maintenance of peaceful and stable international conditions; democratization in international relations, establishment of open, fair, equitable and transparent international regimes; respect for and non-discriminatory application of the rules of the game so as to create equal opportunities and a level playing field for all; and protection of the weakest and the most vulnerable members of the international community through more favourable treatment in trade and finance.

13. The above calls for coordination in the formulation and implementation of macroeconomic policies by major industrialized countries to create and sustain conditions of stability, predictability and growth in the world economy, stable exchange rates, low interest rates and fiscal deficits, as well as trade liberalization, more equitable access of developing countries to global markets, an increased flow of productive investments and technologies and appropriate knowledge to developing countries, as well as new and additional financial resources.

14. A general consensus on the policies required to foster an enabling environment for development at the national level has emerged. Recent experience has shown clearly that these policies are also the ones most conducive to investment (domestic and foreign), capital inflows and successful integration into the world economy through trade.

15. First and foremost, reinforcing peaceful conditions, a stable political framework, full respect for all human rights and fundamental freedoms, and effective participation by civil society are indispensable foundations for sustainable development. Further, a stable and transparent legal framework that provides for respect for and enforcement of property rights, the rule of law and

the tackling of corruption, as well as transparent, efficient and accountable public administration, are conducive to domestic and foreign investment and capital inflows.

16. Equally, an essential component of an enabling environment for development is sound national macroeconomic policies. Investment (domestic and foreign), capital inflows and access to foreign exchange are facilitated by a low and predictable rate of inflation, a sustainable fiscal deficit and a realistic exchange rate. In a world of integrated financial markets and rapid capital movements, it is also essential to ensure the soundness of the banking system through prudential regulations, better assessment of credit risks, stringent capital requirements, actions to prevent money laundering, improved management of banks and better regulation of security markets. Economic and social development also require the promotion of dynamic, open and free markets because they are an efficient means of resource allocation and an instrument for harmonizing divergent interests. Countries should undertake any necessary structural adjustment and reform, and pursue their outward-oriented policies. Internationally agreed rules such as those relating to an open and free multilateral trading system tend to strengthen the basis for sound national policies.

17. Macroeconomic policies should also be perceived as sustainable. Consequently, the social costs of such policies, and their impact in terms of recession and unemployment, cannot be ignored. Hence, in certain circumstances Governments will need to intervene in markets to prevent or counteract market failure, promote stability and long-term investment, ensure fair competition and protect social equity by ensuring the provision of social services.

18. Non-governmental actors and, in particular, the private sector are playing an increasingly important and dynamic role in promoting development, with the result that Governments are re-examining and adjusting the extent and scope of public sector involvement in the economic sphere. However, Governments have a definite economic role: they must ensure an appropriate policy environment, encourage entrepreneurship, create favourable conditions for the business sector and for attracting foreign direct investment, provide basic infrastructures and develop human resources.

19. Growth and development are stimulated by the greater integration of developing countries into the world economy. However, the problems of marginalization, volatility and vulnerability are not solved by world markets alone. Hence, the following questions arise: How can greater consistency between aid, trade and investment policies be ensured? What should the international response to the problem of marginalization be? How can the increased international and domestic fragility in the global environment be reduced? What should the role of ODA be? How can greater market access and more widespread capital and investment flows be promoted?

20. It is important that Governments engage in a dialogue on these critical issues in order to devise practical policy responses that would ensure the long-term stability and viability of the global economy by promoting fairness and equity and participation by all countries and groups within countries in the benefits of growth and development. The following sections address these

questions and identify possible approaches that could help in the search for viable and long-term answers.

Recommendations:

*1. The Council may wish to emphasize the need for strengthened international cooperation to enhance the benefits and mitigate the risks associated with globalization and to better integrate developing countries in the world economy. This would imply, among other things, more systematic attention to policy coordination to achieve greater coherence among macroeconomic, trade, financial and development aspects of economic policy-making by countries and at the global level.**

2. The Council may stress the importance of sound and stable macroeconomic policies for accelerated growth through better integration in the world economy. Equally important is the need for the rule of law, a stable and transparent legal framework and public administration, and policies that promote entrepreneurship, savings and investment. The establishment of realistic exchange and interest rates, reform of the trade and payments system, as well as the liberalization of other domestic prices should continue as they provide an appropriate incentive structure for producers and encourage outward-oriented growth strategies.

3. The Council may urge that structural reforms aimed at establishing a competitive domestic financial system, privatization and/or restructuring of public enterprises continue to be implemented in order to enhance the efficient allocation of resources and support private sector development; such reforms are also expected to boost domestic savings and investment and thereby contribute to higher economic growth.

4. The Council may emphasize that the availability and proper maintenance of adequate economic infrastructure, in particular a trained workforce and telecommunications and transportation facilities, affect the pace of integration of countries in the world economy and should be of high priority. High-quality communications are essential for countries that aim to participate in the globalized production structures established by multinational corporations, to respond promptly to rapidly changing market conditions in industrialized countries or to participate in new export markets. The Council may wish to call for innovative policies designed to promote public-private partnerships and opening up the social and infrastructure sectors to private investment to meet the enormous needs in these areas.

---

* Recommendations contained under the remaining sections of the report address more specific aspects of international cooperation for fostering an enabling environment for development.

II. POLICY ISSUES

Policy coherence

21. With the accelerating integration of the world economy, the interaction between the macroeconomic, structural, trade, financial and development aspects of economic policy-making has increased and is likely to intensify further. Moreover, the opportunities and risks associated with globalization are unevenly distributed because of imperfections in factor and product markets. A more equitable distribution of benefits and mitigation of risks require careful management of public policies and coordination of national and global policies dealing with markets, as well as stronger international support for infrastructure and human resources development in developing countries. In the current economic environment, the question of policy coherence has thus emerged as a critical one for all participants in the global economy.

22. Policy coordination at the global level has been pursued sporadically in the context of the group of seven major industrialized countries (Group of Seven). The Interim Committee of IMF regularly considers the coordination of national economic and financial policies. At its meeting in September 1996, for example, the Committee adopted an 11-point Declaration on Partnership for Sustainable Global Growth.[2] In April 1997, the Committee reaffirmed that implementation by all members of the guidelines set out in the Declaration would be essential to ensuring that all shared in an increasingly prosperous world economy. WTO was requested, at its Ministerial Conference held at Singapore in December 1996, to study the interrelationships of trade and investment further, and trade and competition policies and working groups have been set up for this purpose. Yet the consistency among the trade, aid, financial and environmental aspects of policies remains an important concern that is not addressed comprehensively or coherently in any global forum. Similarly, at the national level, in many countries the institutional arrangements for addressing issues of coherence among policies are either weak or have not been put in place.

23. The task of achieving greater harmony between these policies lies primarily with Governments at the national level. However, as recognized in the Ministerial Declaration on this issue, adopted at Marrakesh, Morocco, at the conclusion of the Uruguay Round of multilateral trade negotiations, their coherence internationally is an important and valuable element in increasing the effectiveness of these policies at the national level.[3]

24. The strengthened multilateral trading system emerging from the Uruguay Round is expected to contribute to more effective surveillance and to strict observance of multilaterally agreed rules and disciplines so that trade policy can play a more substantial role in ensuring the coherence of global economic policy-making. The Marrakesh Declaration stressed the importance of efforts to improve other elements of global economic policy and called upon the international institutions with responsibilities in the areas of trade, money and finance (WTO, IMF and the World Bank) to follow consistent and mutually supportive policies.[3] In this context, it is necessary to avoid the imposition of cross-conditionality or additional conditions. WTO and the Bretton Woods institutions have recently concluded an agreement to exchange views regularly through participation in each other's meetings. The staff of these institutions

are also developing pragmatic working relationships. It is too early to say, however, to what extent coherence in policy-making has actually been enhanced.

25. An important aspect of policy coherence that affects the international environment for developing countries is the need for greater coherence among development cooperation policies. The development objectives that these policies are designed to promote, particularly in the poorest countries, will have a greater chance of being attained if Governments consider the overall developmental impact of their trade, aid and investment policies. By the same token, developing countries must also ensure greater consistency among their policies designed to promote trade and investment.

26. As national institutions are not always organized to take a comprehensive and coherent view of these policies, certain inconsistencies among them can arise. For example, concessions in the areas of trade and finance can be offset by changes in exchange rates or interest rates or by domestic subsidy policies. Interest rate increases in major industrialized countries can trigger capital outflows or raise debt burdens in developing countries. A deflationary bias in the macroeconomic policies of major industrialized countries could have negative repercussions on commodity prices that could more than offset aid flows to commodity-exporting countries, which are mostly in Africa or are least developed countries. Agricultural subsidies distort agricultural trade and perpetuate inefficient production patterns by eroding comparative advantage.

27. There are no easy solutions to such policy conflicts, but it may be useful to examine the extent to which such issues could be discussed and resolved within a global framework. The recent initiative of the Organisation for Economic Cooperation and Development (OECD) to monitor the implementation of the OECD/DAC development consensus[4] in some African countries suggests that Governments are beginning to respond to the need for such a coherent approach. But the OECD initiative is a limited one and does not involve the participation of developing countries.

28. The World Trade Organization provides an example of how a framework may be designed to deal with the question of policy inconsistencies in money, finance and development cooperation. The WTO working groups on coherence, on trade and investment and on competition are studying various aspects of the interlinkages between trade, investment and competition policies. The question is, how can greater coherence in economic policy-making at the global level be pursued with wider participation and to the benefit of all? More specifically, can development cooperation policies be appraised, in a multilateral context, in terms of their overall impact?

29. In this context, one also notices that policies aimed at building a more open international trading system are often questioned in industrialized countries on the grounds of their adverse effects on employment and wages. The high unemployment rates prevalent in Western Europe and stagnant wage levels in OECD countries in general are used by some as a rationale to advocate protectionist approaches. In a low-growth, high unemployment environment, low-cost imports from developing countries are presented as a threat to economic well-being. Although, in the Declaration adopted by the WTO Ministerial Conference in Singapore, Ministers rejected the use of labour standards for

protectionist purposes and agreed that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question, the continuing calls for higher labour, social and environmental standards are seen by many in developing countries as a way of promoting new and disguised forms of protectionism. These conflicting perceptions and the underlying policy dilemmas could be reconciled better in the context of a more comprehensive and global policy dialogue designed to promote coherent policies in all countries for more balanced growth and development and to reduce unemployment in developed and developing countries.

30. Another aspect that needs urgent attention is the whole question of subsidies as these directly affect coherence among fiscal, trade, investment, competition and aid policies. The growth of subsidies tends to increase inconsistencies among these policies. Subsidies are pervasive in developed and developing countries, though applied for different purposes and in different sectors. While any generalized statement on as complex an issue as subsidies can be misleading, there is clear evidence that subsidies often have a distorting effect. The most commonly subsidized sectors are energy, infrastructure and agriculture as well as food and other basic needs and social services. Often designed to meet a perceived social need or economic goal, subsidies tend to distort resource allocation through inefficient price and incentive structures and reduced competition. It has been shown through specific case studies that subsidies often do not serve their intended purpose, create dependency and addiction, entail a large fiscal drain and often end up benefiting the better-off rather than the poorest groups in society.[5]

31. Reshaping subsidies based on detailed evaluation of their impact would in most cases yield economic, fiscal and efficiency gains through greater policy coherence and may lead to greater equity as well. However, Governments may be reluctant to act unilaterally because of political constraints or a perception that such action in isolation may reduce competitiveness.

32. More transparency through more direct policy measures is the key to subsidy reform. Alternative and more direct policy options could be pursued together with appropriate compensation mechanisms.

Recommendations:

1. The Council may wish to note that countries that have been successful market integrators have complemented trade liberalization with macroeconomic stability, including control of fiscal deficits and inflation, avoidance of overvalued exchange rates, improved tax regimes and strengthened financial sectors. It may encourage international financial institutions, other development agencies, and bilateral donors to play a major role in supporting countries on the path towards these policies, including through increased technical assistance and capacity-building.

2. The Council may further note that increased interdependence among national economies will require strengthened international cooperation and harmonization in the area of macroeconomic policies, environment, labour and health as well as in development cooperation policies, including

enhanced participation of developing countries in such governance mechanisms.

3. The Council may stress the need for an international dialogue on these issues and consider devoting one of its high-level meetings with the Bretton Woods institutions and WTO, called for under General Assembly resolution 50/227, to this topic.

4. The Council may also request the Committee for Development Planning to study the coherence of development cooperation policies from the point of view of their overall impact, taking into account the ongoing work in this area, in order to develop approaches and modalities that the Council could consider at a subsequent coordination segment.

5. The Council could issue a call for an international dialogue on subsidies that could be initiated and stimulated, not only at the global but at the regional and local levels, with the support of organizations such as WTO, the Bretton Woods institutions and UNDP in cooperation with relevant specialized agencies. The Council could consider placing this issue on the agenda of a future high-level segment.

Marginalization*

33. The associated forces of globalization and liberalization have resulted in increased openness in economic relations, as well as in other dimensions of development. The world has become economically more competitive at the level of individuals, firms, countries and regions. As intended, this has benefited those in a position to take advantage of the new opportunities.

34. Increased flows of trade and capital have provided greater access to resources and higher growth in many countries, and have strengthened the global economy through a more efficient allocation of resources. Developing countries as a group have participated extensively in the acceleration of global integration. During the first half of the 1990s, their overall ratio of trade to GDP rose 1.2 percentage points a year, while their share of global FDI rose to two fifths.

35. However, there are wide disparities in global economic integration across developing countries. Many developing countries did not participate in the globalization of the world economy over the past decade, and a large divide now separates the least from the most integrated. Many low-income countries are among the least integrated and some have become even more marginalized during the past 10 years, experiencing both falling incomes and lower levels of participation in the world economy. For example, the ratio of trade to GDP fell in 44 of 93 developing countries over the past 10 years, while the ratio of foreign direct investment to GDP fell in more than a third. If current trends

---

* A number of recommendations in the sections on official development assistance; external debt; and capital flows, investment and trade specifically address the issues relating to marginalization.

persist, many developing countries can expect to fall further behind developed and the better integrated developing countries in per capita GDP.

36. Left to their own devices, the forces of globalization and liberalization are likely to result in increased efficiency and concentration of wealth, rather than in greater equity and participation. The beneficial effects of these two forces are thus accompanied by the possibility of marginalization at many levels - global, national, local, group and individual.

37. At the global level, the least developed countries have long been recognized as being at risk of marginalization in the world economy. Many other countries in Africa, notably those south of the Sahara, are similarly challenged - they lack various elements in the physical, financial, human and institutional infrastructure necessary to enter and compete effectively in international markets. Structural difficulties also deter inflows of the FDI that is stimulating economic growth in some other developing countries and, more generally, perpetuate the dependence on a few highly volatile exports that afflicts many of these poorer countries. Domestic supply side constraints seriously limit export response to the trade liberalization efforts of the least developed countries and their ability to exploit market access potential in the wake of the Uruguay Round. In many cases, the difficulties are compounded by an unmanageable burden of external debt.

38. The experience of countries that have been most successful in attracting private capital flows suggests that official finance has played an important facilitating role in helping them establish the conditions necessary for such flows. These countries have typically relied on significant official finance during the two decades leading up to integration. Given the long gestation periods of investments in human resource and infrastructure development, as well as the investments needed to diversify their economies, Africa and the least developed countries are in need of increased ODA flows. Contrary to the commitments in the Programme of Action for the Least Developed Countries for the 1990s, ODA to these countries has been declining in real terms in recent years, which could not be compensated even if there were increased exports and greater FDI inflows. Structural difficulties also partly explain the meagre FDI flows to these countries. ODA will continue to be the most important component of their external financing.

Official development assistance

39. Since the end of the cold war the reordering of geopolitical priorities has led to sharp cuts in aid budgets and a shift away from long-term development and poverty reduction efforts at the very time that many developing countries have become more receptive to market-based reform. Some of the reduction in assistance relates to countries that lack access to private capital markets. Many of these countries have no realistic external financing alternative in the short to medium term. The slowdown in ODA is particularly worrisome because such flows are usually directed towards the development of the various forms of infrastructure that are required to participate in the globalization process and build the foundations for growth and development. Even in the unlikely event that private sources replace these lost flows in financial terms, they would be directed towards short-term commercially profitable ventures rather than

responding to essential needs calling for a longer time horizon. Sustained flows of official development assistance remain essential if Africa and the least developed countries are not to be further marginalized.

40. Following a sharp fall in 1993 and a partial recovery in 1994, ODA dropped by nearly 10 per cent in real terms in 1995 and fell again in 1996 to the lowest level in 10 years. Moreover, the composition of ODA has shifted, with a significant portion being used to fund emergency relief and peacekeeping activities and less directed towards long-term development needs.

41. The position is worse than it appears in one further respect, namely, the sizeable cut by bilateral donors in their commitments to multilateral concessional lending windows. During the period 1990-1995 multilateral aid disbursements cushioned the overall decline, rising from 26 per cent to 32 per cent of total aid disbursements. The outlook, however, is less promising, because while multilateral disbursements are rising, donor commitments are falling. For example, the donor commitments to the International Development Association (IDA), the World Bank's concessional lending arm, dropped by about $7 billion during the period 1994-1996. Because of the lag between donor commitments and disbursements, cash flows to IDA have not yet declined. But eventually they will, unless donors increase commitments.

42. ODA has retained its low-income focus as it should. The share of ODA going to low-income countries has remained constant: 69 per cent in 1990 and 70 per cent in 1995. There has been some redistribution of funds, however. Sub-Saharan Africa continues to take the largest share of ODA, about 35 per cent. In 1995, ODA to high-income countries fell significantly and now represents only a small fraction of the total.

43. The declining availability of ODA and bleak aid outlook is particularly worrisome for the least developed countries. The overwhelming dependence of these countries on ODA is likely to continue during the foreseeable future. The basic policy issues that the international community faces in this regard are: (a) how to improve aid allocations to the least developed countries and (b) how to enhance the quality and effectiveness of assistance. Unless these issues are adequately addressed, the long-term development objectives and the sustainability of policy reforms in the least developed countries will be jeopardized.

44. Concentrating ODA on low-income countries makes a focus on poverty reduction more likely. Aid directed to middle- or even high-income countries suggests that other objectives are being pursued. A larger portion of aid goes to low-income countries from multilateral sources than from bilateral sources. In 1995, 57 per cent of ODA from bilateral sources went to low-income recipients; the proportion from multilateral sources was 70 per cent. No multilateral ODA goes to high-income countries.

45. The declining trend in ODA budgets also reflects a certain crisis of confidence in aid as an instrument for promoting development. Unless this crisis is addressed squarely, it may be difficult to reverse the negative trend. The rationale for ODA needs to be reaffirmed and placed on a strong footing for

the years to come. This calls for a clear understanding and a sense of partnership and shared purpose between donors and recipients.

Recommendations:

1. The Council could promote an international understanding on the role of ODA based on a sense of partnership and shared purpose between donors and recipient countries. Donors must reaffirm and adhere to the long-term developmental purpose of ODA and commit themselves not to erode it by immediate, emergency needs or politically defined and other non-developmental priorities. Recipients should adhere to clearly targeted and more effective use of ODA. Donors and recipients must accept the need for greater selectivity in ODA allocations based on mutually agreed policy commitments and goals that are designed to address market failure, protect the poor and catalyse private flows. Donors must agree to improve the composition and quality of ODA to better match and serve its stated purposes. A new international understanding along these lines should underpin a real commitment to providing new and additional resources for development.

2. The Council may wish to emphasize the need for the international community to reverse the recent downward trend in official development assistance with a view to meeting the agreed targets for ODA flows, in particular to the least developed countries. More generally, the Council may wish to call upon all concerned to honour the commitments made in the mid-term review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s, in the mid-term review of the implementation of the United Nations New Agenda for the Development of Africa in the 1990s, in the Abidjan Declaration on African Diversification and in the African Diversification Fund for Agricultural Commodities.

3. The Council could encourage donors to renew their vision of aid as a means of helping poor countries create enabling environments for private sector development, and ensure that the resulting growth reaches all segments of society. In so doing, aid will also promote the economic and strategic interests of donor countries. These rationales require that aid support policy reform, infrastructure development, the provision of social services, and the creation of social safety nets. In this regard, the Council could reaffirm the importance of the 20/20 initiative as one means of securing adequate resources for basic social services for all. Implementation will require monitoring expenditures and donor contributions. The Council may wish to call for further efforts to ensure that internationally supported adjustment programmes, including Enhanced Structural Adjustment Facility (ESAF)-supported programmes, incorporate social safety measures and restructuring of public expenditure, including increases in expenditure related to primary education and primary health services, in line with the recommendations of the World Summit for Social Development.

4. The Council could express its concern that contributions for the eleventh replenishment of IDA are not adequate to support even current levels of lending. The Council may note that multilateral aid

disbursements have cushioned the overall decline in aid in the recent past, but this will not last as contributions to multilateral facilities have fallen off as well. The Council may stress the fact that it is essential that multilateral aid disbursements be maintained or increased.

External debt

46. One of the specific obstacles to the development efforts of Africa and other low-income countries over the past decade - and hence a source of their marginalization - has been external debt. While most of the debt crises that emerged in the middle-income countries in the 1980s have been largely alleviated, serious problems remain in several low-income countries. Even with sound economic policies and the full application of the debt rescheduling arrangements of the past few years, these countries continue to face an unsustainable external debt situation. The resulting resource constraints have prevented them from implementing the national actions, including investments in human resource development, infrastructure and diversification, that are necessary to participate meaningfully in the global economy.

47. In order to address this problem, IMF and the World Bank have established the Heavily Indebted Poor Countries (HIPC) Debt Initiative.[6] The objective of this Initiative is to lower to sustainable levels the external debt of HIPCs with a strong track record of adjustment policies and thus enable them to exit from the debt rescheduling process. The Initiative entails the recognition by the international community that the external debt burden of many poor developing countries is severely impeding their development efforts and that some countries are unlikely to emerge from their development crises without such measures as are now to be made available. Removing the debt overhang is a condition necessary for successful reform, particularly in countries that must reinvigorate the private sector and stimulate domestic investment. Restoring country creditworthiness will take time and depend on the continued efforts of those countries to address their economic and social problems.

48. In November 1996, the World Bank set up a HIPC Trust Fund that is to be administered by IDA. The World Bank has set aside $500 million from net income as an initial contribution to the Trust Fund to meet its share of the debt relief needed, and several bilateral contributions have been received. At the World Bank/IMF meetings in April 1997, the World Bank approved a debt-relief package for Uganda, making it the first country to benefit from the Initiative. In February 1997, IMF established a Trust for Special ESAF Operations for the Heavily Indebted Poor Countries and Interim ESAF Operations. The contribution of IMF under the HIPC Initiative would mainly be in the form of grants, though highly concessional loans would be used to provide financing during the interim period to smooth heavy debt-service obligations. Discussions are ongoing, including with bilateral sources, to secure the resources required to finance the full costs of the Fund's participation in the Initiative. These decisions - together with the consent obtained from all ESAF Trust creditors - would allow IMF to transfer up to SDR 180 million from the ESAF Reserve Account to the ESAF-HIPC Trust.

49. The Initiative demonstrates that, once the political commitment is achieved, the international financial community can coordinate its efforts to

confront a fundamental, systemic cause of poverty and isolation. And because the Initiative requires the participation of all relevant creditors, debt relief efforts will have to continue to be closely coordinated. This Initiative has raised high expectations in the heavily indebted developing countries. It is therefore important to proceed to implement the Initiative as rapidly as possible.

Recommendations:

1. The Council could welcome the 1996 initiative of the Managing Director of the International Monetary Fund and the President of the World Bank, which was endorsed by the Interim Committee of IMF and the Development Committee of IMF and the World Bank, to resolve the debt problems of the heavily indebted poor countries and call upon the countries affected and the international community to work closely together to advance the implementation of the HIPC Initiative as rapidly as possible.

2. The Council may wish to call for an early agreement on the financing of the interim ESAF and the special ESAF operations under the HIPC Initiative and urge bilateral contributors to make available the resources necessary for the Initiative to be fully implemented.

3. The Council could call upon the Fund and the World Bank to interpret the criteria for eligibility for the HIPC Initiative flexibly and transparently so that the range of potentially eligible countries is sufficiently broad to resolve the debt problems of debt-distressed countries on a long-term basis.

Volatility and vulnerability

50. One possible consequence of the more highly liberalized international economic environment is the greater potential for international volatility in prices, not only of primary commodities but of other traded goods; international interest rates; or even key-currency exchange rates with rapid and large movements of capital.

51. The past two decades have witnessed the increased integration of financial markets as a result of rapid deregulation and liberalization of financial activities as well as rapid advances in communications technology. While this has increased the amounts and categories of financing potentially available to countries and entities throughout the world economy, so far only a small minority of countries and entities have actually achieved sustained access to this financing. In addition, this integration raises the premium on Governments to pursue sound macroeconomic policies to ensure the sustainability of flows. Nevertheless, integration also tends to increase the downside risk of a sudden reversal of financial flows for an individual country, as well as the possibility of spillover effects on others.

52. As the scale of foreign capital has increased in the financial markets of certain developing countries, these markets have become highly vulnerable to shifts in sentiment among international investors and fund managers, especially since an important part is of a short-term speculative nature. Sudden reversals

or reductions of such flows have threatened financial and macroeconomic stability, required painful adjustments in the recipient country and created spillovers in other emerging financial markets. On the other hand, volatility in international financial flows can also be caused by domestic policy volatility, which can be constrained by rule-based international regimes.

53. As countries liberalized capital account transactions, several of them witnessed bouts of more volatile financial inflows and outflows. Against this background of turbulence in some major emerging market economies in 1994/95, efforts have been made to strengthen surveillance, particularly with the aim of ensuring that, in a world of integrated and volatile capital markets, IMF would be better equipped to identify emerging crises at an early stage.

54. In order to strengthen the ability of IMF to respond to a member facing an external financial crisis and seeking assistance from the Fund, the IMF Executive Board, in September 1995, agreed on the elements of an Emergency Financing Mechanism (EFM). The essence of EFM is its exceptional procedures to facilitate rapid IMF Board approval of financial support while ensuring the conditionality necessary to warrant such support. EFM would be used in circumstances representing or threatening to give rise to a crisis in a member's external accounts requiring immediate response from the Fund. The potential for spillover or contagion effects would be an important consideration in a decision to activate EFM.

55. In order to ensure that IMF has sufficient resources to deal with an exceptional situation that poses a threat to the stability of the international monetary system, the IMF Executive Board, in January 1997, adopted a decision on New Arrangements to Borrow (NAB). The amount of resources potentially available under NAB is roughly $47 billion, double the amount that has been available under the General Arrangements to Borrow (GAB), and the number of potential participating countries or monetary authorities with the financial capacity to support the international monetary system has increased to 25, including a number of developing countries. The New Arrangements to Borrow will become effective when they are adhered to by potential participants with credit arrangements amounting to at least 85 per cent of the total, including the five participants with the largest credit arrangements. This will represent an important strengthening of the international monetary system.

56. Another important step taken to strengthen the surveillance capacity of IMF is the establishment in March 1996 of a Special Data Dissemination Standard for the voluntary dissemination of economic and financial data by member countries that have, or seek, access to international financial markets.

57. Many of the concerns regarding international financial instability are associated with its consequences for exchange rates. Of special importance in this context are the effects of the persistence for extended periods of exchange rates that are inconsistent with sustainable external payments positions. Such exchange-rate misalignments distort resource allocation through their impact on relative prices, and have perverse effects on activity, employment and the price level. They have effects similar to, or even stronger than, tariffs on trade flows since almost all decisions on production and trade are based on price signals, and exchange rates enter the prices of all internationally traded

goods. Perhaps the most damaging effect of exchange-rate misalignment is that it triggers protectionist measures that are not dismantled when exchange rates return to their normal levels. In this way, exchange rate instability poses a continuing threat to an open trading system.

58. Few of the major developing countries have adopted a largely or completely non-interventionist stance towards financial inflows. The majority has had recourse to intervention in foreign exchange markets to prevent currency appreciation and the emergence of unsustainable payment imbalances. However, where capital inflows are large relative to current account deficits, such intervention has created serious conflicts with domestic monetary policy objectives. When intervention is not sterilized, the rapid increases in the money supply threaten loss of control of monetary policy. Sterilization of intervention, on the other hand, results in an increased fiscal burden as it requires either a budget surplus or financing. These lead to higher interest rates and increased public debt, with adverse consequences for capital accumulation and social welfare.

59. More direct controls over capital inflows have also been used to reduce the vulnerability to international volatility. However, such measures run counter to the prevailing philosophy of financial deregulation and liberalization, and countries are often discouraged from resorting to such measures by their fear of being cut off from international financial markets. Nonetheless, discussions of market intervention have become increasingly nuanced, especially in the light of the instabilities that accompanied some of the deregulation measures.

60. There is considerable discussion of the need for new interventions in the international financial field. International cooperation in this area has been building in an ad hoc way, as the regulators in major financial market countries find that the institutions they supervise have increasingly important activities beyond their jurisdiction. Better supervision of international financial markets will reduce the vulnerability of financial institutions to fraud, mismanagement and excessive risk exposure. In turn, this will reduce the vulnerability of the non-financial users of the institutions. However, there is nothing in this to reduce the volatility of international financial flows per se.

61. Against the background of financial instability associated with banking system difficulties, there is wide recognition of the need for international action to improve and coordinate the regulatory and supervisory frameworks for financial systems. The Basle Committee on Banking Supervision has developed a set of Core Principles for effective banking supervision, which provide a valuable building block for these efforts. In response to an initiative at the Lyon Summit of the Group of Seven, a Working Party of the Group of Ten and emerging market economies is developing, with the support of all relevant institutions, a concerted international strategy to promote the establishment, adoption and implementation of sound principles and policies needed for financial stability.

Recommendations:

1. The Council may emphasize that against the background of increasing risk associated with financial instability, there is a widely recognized need for international action to improve and coordinate national regulatory frameworks for international financial transactions. It may welcome the initiatives taken by the Basle Committee on Banking Supervision, the IMF and the Working Party of the Group of Ten and emerging market economies to establish standards to strengthen the regulatory and supervisory mechanisms for banking and financial markets. It may note, however, that these are still limited in scope and do not cover all firms and actors in financial markets. More effective restraint of financial instability will require a more comprehensive international regulatory and supervisory regime. The Council could request IMF and the World Bank, together with other relevant institutions and groups, to explore ways of incorporating more fully all countries and other interested parties into the process of developing and implementing such a regime. The Council may request the Committee for Development Planning to examine these issues with a view to contributing to this process.

2. The Council could encourage IMF to fully exercise its role of overseeing the international monetary system to ensure its effective operation, inter alia, through symmetric surveillance of the macroeconomic policies of each of its members. In this regard, the Council could welcome the efforts undertaken since 1995 to strengthen surveillance, to ensure that IMF is better equipped to identify emerging crises at an early stage and to facilitate its rapid response to such crises.

3. The Council could also reiterate the importance of ensuring that IMF has sufficient resources to assist its members and encourage the timely conclusion of the general review of quotas and approval of a substantial increase of quotas. It could also call upon potential participants to ensure that the New Arrangements to Borrow become effective as soon as possible.

Capital flows, investment and trade

62. Most developing countries have liberalized their FDI alongside their trade regimes. Although most FDI and portfolio capital still flows to industrialized countries, an increasing proportion is going to developing countries. After declining in the 1980s, private capital flows increased dramatically, and to unprecedented levels, in the first half of the 1990s. Between 1987 and 1996, private capital flows to developing countries increased from $25 billion to $244 billion and their share of total FDI has increased from 23 per cent in 1990 to nearly 40 per cent in 1996. In 1993 FDI flows surpassed official development finance and in 1996 they were almost four times as much. Net portfolio flows have seen a similar trend: from a negative level until the late 1980s, they reached some $32 billion in 1995 and $45 billion in 1996. However, FDI and portfolio flows are highly concentrated, mostly in Asia and parts of Latin America. Between 1993 and 1995 a mere 10 countries received 76 per cent of all FDI in the developing world and only about 20 developing countries are today

considered creditworthy by international capital markets and banks. In recent years, Africa has received only 4 per cent of total net private flows.

63. Among the contributing factors to this surge in private flows are the high growth rates experienced by many developing countries, the spread of market reforms and, in particular, the deregulation of private capital flows, the liberalization of world trade, the rise of global institutional investors and the accelerating capitalization of emerging markets and their integration into world financial markets. Local participation has been a common characteristic. Macroeconomic stability, market size, infrastructure endowments and the presence of skilled manpower are all important in shaping the locational choices firms make when investing abroad. A key lesson that can be drawn is that markets matter and gainful participation in global markets requires carefully tailored policies that promote integration into the global economy. A key question is, what can be done to foster more stable and more long-term investment and capital flows to a widening circle of developing countries?

64. While Governments may have assisted in making globalization possible by reducing legal and administrative barriers to flows between countries and regions, the main actors in the process have been mostly private enterprises, largely based in developed countries, although, in recent years, enterprises from newly industrialized countries have become active in other developing countries. Transnational corporations are overwhelmingly responsible for the advances in technology and the growth in trade and financial flows that form the backbone of globalization. However, within the developing world, their activities have been heavily concentrated in a small number of countries. A challenge to the international community in creating an enabling environment for development lies in inducing transnational corporations to diversify their activities across a broader range of developing countries.

65. Foreign direct investment provides a number of benefits to developing countries. Hosting affiliates of transnational corporations provides non-debt-creating capital inflows, as well as potential access to advanced foreign technology, managerial skills and foreign markets. It can also soften the balance-of-payments constraint, add to employment and have other positive direct and indirect linkage effects on the economy. These benefits greatly depend on the degree of competition they face in domestic markets. Thus, the benefits do not come automatically and policies designed to achieve such benefits may run into conflict with other objectives regarding trade and development.

66. A conflict between free trade and attracting FDI may arise in cases where FDI is primarily motivated by an effort to circumvent trade barriers. Indeed, some countries with restrictive trade regimes have been able to attract considerable FDI because it provided the only means for foreign firms to access domestic markets. Such protection, in turn, can benefit transnational corporations once they establish themselves in domestic markets. They may then also exert some pressure for protection from external competition, so that protectionism in such instances may be closely associated with policies to attract FDI.

67. Given the importance that FDI has gained, an increasing number of regional economic agreements address investment matters. There are also several

multilateral investment agreements, dealing mostly with specific subjects. A more comprehensive agreement is being negotiated between countries members of the Organisation for Economic Cooperation and Development (OECD), which will be open to non-members of OECD, once it is concluded. The WTO Ministerial Conference (Singapore, December 1996), agreed to establish a working group to examine the relationship between trade and investment, on the understanding that this work would not prejudge whether negotiations would be initiated in the future.

68. Another concern in the global economic system is the possibility that enhanced competition between States for FDI, if carried too far, would result in loss of benefits to host countries as the lion's share of the gains could accrue to foreign firms. The costs to the host country of providing financial, fiscal and other indirect incentives could turn out to be greater than the net gains of FDI. Moreover, competition leads to cost-minimization strategies which could have an adverse effect on wages and on levels and conditions of employment in enterprises. Such a strategy might generate some short-term benefits for a particular country but would become counter-productive if all countries adopted it. Social costs - in terms of job security, less protection for children and families and increased income dispersion - may also negatively affect consumer demand and therefore employment. Another way through which pressure on wages and labour standards could operate is the weakening of the regulatory capacity of Governments in the face of heightened international competition. An important policy conclusion is that rather than attracting FDI through increased incentives, it may be wiser in the long run to rely on a sound framework of policies and development strategies seeking greater integration in the world economy.

69. The key trade issues that affect development and that need to be addressed within the context of WTO include increased access for developing countries in areas of their comparative advantage, tariff escalation, preference-erosion and the misuse of anti-dumping measures and countervailing duties. The growing trend towards regional trading arrangements needs to be closely monitored, as agreed in WTO, to ensure that it is consistent with and complementary to an open multilateral trading system. The potential negative effects of trade liberalization on the least developed and net food importing countries should be mitigated by increased financial and technical assistance.

Recommendations:

1. The Council may wish to note the important agreement reached by the Interim Committee of IMF, at its meeting in April 1997, that the Fund's Articles should be amended to make the promotion of capital account liberalization a specific purpose of the Fund and to give the Fund appropriate jurisdiction over capital movements; the scope of such jurisdiction would need to be carefully defined and sufficient flexibility should be allowed through transitional provisions and approval policies. The Council may call for further work to be undertaken, taking into account the need for flexibility under specific circumstances and such conditions as a sustainable macroeconomic framework, well-capitalized banking institutions and clearly defined legal and institutional arrangements.

2. In the light of the increasing importance of foreign direct investment in the world economy, the Council may wish to invite UNCTAD, WTO and the other organizations concerned to study the most appropriate ways of promoting rule-based investment regimes.

3. Beyond the standard prescriptions for Governments on how to attract FDI and portfolio flows over the long term, there is a need to create a strong institutional and information base for investors and fund managers to draw upon in their decision-making. Among other things, this calls for further study of recent experience and best practices, greater exploration of the social services sector for FDI, improved statistical services and standardization in corporate disclosure, accounting and settlement. The Council could encourage the institutions concerned, for example, UNCTAD, UNDP, the World Bank and IMF as well as the Committee for Development Planning, to undertake further work in some of these areas and assist developing countries through capacity-building.

4. The Council may wish to call for continued concerted action to remove lingering, disguised and other obstacles to free and open trade. Particular efforts are required in the area of agriculture, which remains highly protected and subsidized, and other sectors of interest to developing countries, including textiles and clothing, within the context of the full implementation of the outcome of the Uruguay Round.

5. The Council may emphasize that the international community needs to devote greater efforts to increase the market access of least developed countries in particular. The Council could stress the importance of fully and expeditiously implementing the Marrakesh Declaration, the Ministerial Decision on Measures in Favour of Least Developed Countries and the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed and Net Food-Importing Developing Countries.[7]

6. The Council could affirm the importance of international efforts to strengthen the capacity of developing countries to take advantage of the multilateral trading system and existing favourable provisions in the WTO Final Act. It is also important that developing countries are well informed and equal partners in processes leading to trade negotiations in sectors of interest to them, including agriculture.

7. The Council may wish to request the Committee for Development Planning to examine the extent to which trade problems facing the least developed and other disadvantaged countries could be addressed in the aftermath of both the Uruguay Round and other liberalization measures, and to propose remedial actions.

8. The Council may wish to note that supply capacities are lacking in many developing countries, thus hampering their ability to reap the potential benefits of trade liberalization and FDI. The development of these capacities continues to require technical and economic cooperation of various forms. The Council may call for strengthening the supply capacity of exportable goods and services in least developed countries in

particular. The Council could consider encouraging the United Nations system, including IMF and the World Bank, and WTO to coordinate their action in this area, and urge all countries to participate in the forthcoming High-Level Meeting on Integrated Initiatives for Least Developed Countries, to be organized by WTO, UNCTAD, the International Trade Centre, the World Bank and IMF on 27 and 28 October 1997.

9. The Council may wish to note that work is under way in WTO and UNCTAD in the areas of trade, investment and competition, and invite these organizations to cooperate in studying all the implications of the relationship between trade and investment to lay the basis for developing sound and equitable rules in this area. In addition, UNCTAD could be invited to pursue and advance its work on the linkages between trade and competition policies.

Notes

[1] See also Economic and Social Council resolution 1996/43.

[2] IMF Survey, 14 October 1996, p. 327.

[3] See The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts (Geneva, GATT secretariat publication, Sales No. GATT/1994-4), in particular the Declaration on the Contribution of the World Trade Organization to Achieving Greater Coherence in Global Economic Policymaking.

[4] See OECD, Development Assistance Committee, Shaping the 21st Century: The Contribution of Development Cooperation (Paris, May 1996).

[5] André P. G. de Moor, "Key issues in subsidy policies and strategies for reform" (Institute for Research on Public Expenditure, the Netherlands).

[6] See, for example, communiqué of the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries, Washington, D.C., 30 September 1996; communiqué of the Interim Committee of the Board of Governors of the International Monetary Fund (Press release No. 96, 19 September 1996); and World Bank, "The Heavily Indebted Poor Countries (HIPC) Debt Initiative", Annual Meetings Backgrounder (Washington, D.C., 24 September 1996).

[7] The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts (Geneva, GATT secretariat publication, Sales No. GATT/1994-4).

Selected references

1. International Monetary and Financial Issues for the 1990s, vol. VIII (United Nations publication, Sales No. E.97.II.D.5).

2. United Nations Conference on Trade and Development "Globalization liberalization: effects of international economic relations on pover[illegible], inter-agency thematic contribution to the International Year for the Eradication of Poverty, 1996 (UNCTAD/ECD/PA/4/Rev.1).

3. World Investment Report, 1996: Investment, Trade and International Policy Arrangements (United Nations publication, Sales No. E.96.II.A.14).

4. Report of the Secretary-General entitled "Overall progress achieved since the United Nations Conference on Environment and Development: financial resources and mechanisms" (E/CN.17/1997/2/Add.23).*

5. Report of the Secretary-General on productive employment and sustainable livelihoods (E/CN.5/1997/3).

6. "General review of the list of least developed countries", report of Working Group III of the Committee for Development Planning (CDP/1997/4 and Add.1 and 2).

7. Trade and Development Report, 1996 (United Nations publication, Sales No. E.96.II.D.6).

8. Trade and Development Report, 1995 (United Nations publication, Sales No. E.95.II.D.16).

9. G. B. Assenza, "Private capital mobilization - framework and analysis", Development and Multilateral Institutions Programme, Working Paper No. 3, (Lysaker, Norway, Fridtjof Nansen Institute, February 1997).

10. World Trade Organization Annual Report, vol. I, Trade and Foreign Direct Investment (October 1996).

11. E. Fernandes-Arias and P. J. Montiel, "The surge in capital inflows to developing countries: an analytical overview", World Bank, Economic Review, vol. 10, No. 1, p. 51.

12. Fabrice Hatem, International Investment: Towards the Year 2000, Study Centre on International Investment, Ministry of Economic Affairs of France (Paris, Arthur Andersen, 1996).

---

* The outcome of the fifth session of the Commission on Sustainable Development, which was devoted to the preparations for the special session of the General Assembly on the implementation of Agenda 21, was also taken into account in preparing the present report.

13. International Investment: Towards the Year 2001 (United Nations publication, Sales No. GVE.97.0.5).

14. E. V. K. Fitzgerald, 'Intervention vs. regulation: the role of the IMF in crisis prevention and management', UNCTAD Review, 1996 (United Nations publication, Sales No. E.97.II.D.2), p. 35.

15. J. A. Kregel, 'Some risks and implications of financial globalization for national policy autonomy', UNCTAD Review, 1996 (United Nations publication, Sales No. E.97.II.D.2), p. 55.

16. 'General Council sends 30 reports to the Singapore Ministerial Conference' World Trade Organization Newsletter: FOCUS, No. 13 (October/November 1996), p. 1.

17. 'WTO Ministerial Conference, 9-13 December '96', Sustainable Developments: Newsletter of the International Institute for Sustainable Development, vol. III, No. 6 (16 December 1996).

18. M. Kohr, The WTO and the Proposed Multilateral Investment Agreement: Implications for Developing Countries and Proposed Positions, Third World Network, Trade and Development Series 2, 1996.

19. M. Dubey, An Unequal Treaty: World Trading Order After GATT (New Delhi, New Age International Limited, 1996).

20. K. Griffin and T. McKinley, New Approaches to Development Cooperation, UNDP Office of Development Studies, Discussion Paper series 7, 1996.

21. J. Eatwell, International Financial Liberalization: The Impact on World Development, UNDP Office of Development Studies, Discussion Paper series 12, 1996.

22. 'The current international trading system and prospects for the promotion of trade among developing countries', paper prepared for the sixth summit of the Group of Fifteen (the summit level group of developing countries), Harare, Zimbabwe, 3-5 November 1996.

23. 'Composition of fiscal adjustment is critical to its long-term success', IMF Survey, 27 January 1997, p. 1.

24. Foreign Direct Investment in Africa (United Nations publication, Sales No. E.95.II.A.6).